| | | | | | |
|---|---|---|---|---|---|
| Austria | Sch 18 | Indonesia | Rp 2500 | Portugal | Esc 80 |
| Bahrain | Din 0.650 | Italy | L 1200 | S. Arabia | Rls 6.00 |
| Belgium | BFr 38 | Japan | Y550 | Singapore | S$ 4.10 |
| Canada | C$1.00 | Jordan | Fils 500 | Spain | Pts 100 |
| Cyprus | C£0.80 | Kuwait | Fils 500 | Sri Lanka | Rup 30 |
| Denmark | DKr 7.25 | Lebanon | [illegible] | Sweden | Skr 6.50 |
| Egypt | E£1.20 | Luxembourg | LFr 38 | Switzerland | SFr 2.00 |
| Finland | Fmk 5.50 | Malaysia | Rgt 4.25 | Taiwan | NT $65 |
| France | Fr 8.00 | Mexico | Pes 300 | Tunisia | Din 0.600 |
| Germany | DM 2.20 | Morocco | Dh 6.00 | Turkey | L 160 |
| Greece | Dr 90 | Netherlands | Fl 2.50 | U.A.E. | Dh 6.50 |
| Hong Kong | HK$ 12 | Norway | NKr 6.00 | U.S.A. | $1.50 |
| India | Rs 15 | Philippines | Pes 20 | | |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,443 — Tuesday October 9 1984 — D 8523 B

Turkey sulks at yet another 'betrayal', Page 2

## NEWS SUMMARY

### GENERAL

### Duarte invites guerrillas to talks

President José Napoleon Duarte of El Salvador invited guerrilla leaders to hold peace talks with him on October 15 to try to end the four-year civil war.

He told the United Nations General Assembly that a successful outcome could lead to new elections. He said he would propose that the El Salvador legislature declare an amnesty for political crimes.

The president said that his only condition for the talks, which would be held in La Palma, would be that the guerrillas come unarmed. Page 6

**Gulf tanker hit**

Iraq shattered a three-week lull in the Gulf tanker war with an attack which left a Liberian-registered supertanker ablaze south of Iran's main Kharg Island oil terminal and six of its crew dead. Page 4

**Australia poll**

Australian Labor Prime Minister Bob Hawke called a general election for December 1, 16 months ahead of schedule. Page 24

**Brussels bombing**

A Marxist group dedicated to attacking suppliers of Nato equipment carried out its third Brussels bombing in a week when it damaged the offices of the U.S.-owned computer firm Honeywell-Europe.

**Gadaffi warning**

Libyan leader Col Muammer Gadaffi called for "acts of violence" by Palestinian guerrillas against Jordan and warned King Hussein that Jordan's resumption of diplomatic ties with Egypt would cost him dear.

**Durban appeal**

Britain told three South African dissidents sheltering in the British consulate in Durban that it would like them to leave voluntarily. Page 4

**Soviet dismissal**

Two Soviet deputy energy ministers were sacked for taking bribes in connection with the British-Siberia power station project.

**French get 2%**

The French Government demonstrated its toughness over salaries by granting public employees only a 2 per cent pay increase from November 1. Page 3

**Cyanide threat**

Cyanide has been found in sweets on Japanese supermarket shelves after an extortion demand by a gang seeking $4m from a confectionery company. Page 4

**U-2 Korea crash**

A U.S. Air Force U-2 reconnaissance aircraft crashed near Osan Air Base in South Korea, the second such crash in five months, said a U.S. military spokesman in Seoul.

**Maoist attack**

Five people, including a policeman, were killed when Maoist guerrillas threw a grenade into a religious meeting at Moro, Peru.

**'Banker' arrested**

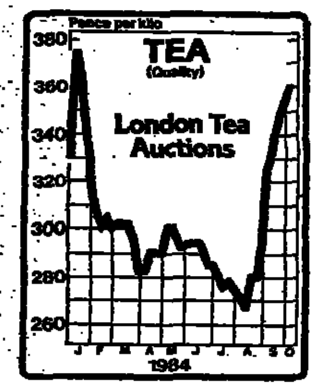
Maria Branca dos Santos, 73, known as Portugal's "people's banker", has been arrested by the judiciary police on charges of fraud and criminal association.

### BUSINESS

### London money market rates fall

MONEY market rates eased in London as brokers anticipated a small cut in base lending rates to coincide with this week's Conservative Party conference. Page 24. UK manufacturers, meanwhile, face slower rises in costs, according to government figures. Page 16.

WALL STREET: The Dow Jones industrial average closed down 4.84 at 1,177.89. Section III




DOLLAR was mixed in fairly quiet London trading, rising to DM 3.051 (DM 3.0495) and FFr 9.335 (FFr 9.345) but easing to SwFr 2.512 (SwFr 2.5175) and Y246.75 (Y246.85). On Bank of England figures, its trade-weighted index rose to 141.8 from 141.7. In New York it was DM 3.0465, FFr 9.3637, SwFr 2.515 and Y246.75. Page 45

STERLING eased against the dollar in London to $1.2385 ($1.238). It also fell to FFr 11.555 (FFr 11.57), SwFr 3.11 (SwFr 3.115) and Y304.75 (Y305.75) and was unchanged at DM 3.775. Its trade-weighted index rose to 76.4 from 76.2. In New York it was $1.2372. Page 45

GOLD fell $1 an ounce on the London bullion market to $341.50. It was also lower in Frankfurt and Zurich at $341.75. In New York the Comex October settlement was $342.40. Page 44

LONDON equities held firm, with the FT Industrial Ordinary index 3.4 up at 866.6. Index-linked gilts gained sharply. Section III

TOKYO stocks retreated as buying demand faded. The Nikkei-Dow market average shed 34.10 to 10,876.93. Section III

TURKEY'S first stock exchange for more than 50 years is expected to start trading before the end of the year. Page 26

THE BUNDESBANK is to require all West German co-operative banks to conform to full reporting requirements from the start of 1986. Page 26

UK COAL board and pit union leaders are to meet on Thursday in a further attempt to end the 30-week-old strike over mine closures. Page 16

GLAXO HOLDINGS, British drugs group, lifted pre-tax profits by 57 per cent to £256m ($317m) in the 12 months to June 30. Page 29; Lex, Page 24

IBSTOCK JOHNSEN, British brickmaker and woodpulp agent, said pre-tax profits rose to £4.55m ($5.64m), against a restated £1.39m, in the first half. Page 30.

ALITALIA, Italy's state-owned airline, returned an operating profit of L28.8bn ($15.2m) in the first six months of the year. Page 28

EASTERN Air Lines cut its nine-month loss to $48.7m ($128.9m) on higher turnover of $3.25bn ($2.96bn).

KLEINWORT BENSON, British merchant bank, bought Chicago finanical futures broker Virginia Trading Corp. Its 50 per cent-owned Australian subsidiary agreed in principle to buy half interest in government securities dealer Australian Gilt Company Group. Page 31

# British Telecom to look outside UK for new exchanges

BY GUY DE JONQUIERES IN LONDON

BRITISH TELECOM has asked three international telecommunications companies to submit tenders to supply digital local telephone exchanges as an alternative to System X digital exchange equipment made by Plessey and GEC.

The companies are Canada's Northern Telecom; Thorn Ericsson, a UK joint subsidiary of Thorn EMI and L. M. Ericsson of Sweden; and TMC Major Systems, part of the Dutch group, Philips. Each said yesterday that if it won the contract it would make exchanges in Britain.

BT is expected to order between 10 and 20 per cent of its total local exchange needs from the successful bidder from 1986. The value of the order – the biggest yet opened to international tender by BT – has not been disclosed but is expected to amount to several hundred million dollars over several years.

Standard Telephones and Cables (STC), traditionally a big supplier to BT, was one of three manufacturers excluded from the final shortlist. The others were CIT Alcatel of France and Siemens of West Germany.

STC put a brave face on the result yesterday, saying it was "disappointing" but not a serious blow. Its share price fell 20p (24.8c) to close at 286p ($3.51).

The company was dropped from the System X programme two years ago and had hoped to win orders for a version of the System 12 exchange developed by ITT of the U.S. It still supplies BT with older, semi-electronic exchanges, but orders are due to fall off sharply after 1986.

The decision also dashes the French Government's earlier hopes of negotiating a deal to sell CIT Alcatel exchanges to BT in exchange for an agreement to purchase System X.

BT decided two years ago to seek an alternative to System X, which has cost more than £300m ($369m) to develop. It believes that competition from a second supplier will help to keep Plessey and GEC on their toes.

Orders for the new exchanges will, initially at least, be in addition to those already placed for System X. BT has indicated, however, that future orders might depend on the performance of Plessey and GEC.

Only four System X local exchanges are in operation so far. However, the installation rate is due to rise sharply and BT expects total System X orders to reach £1.25bn by 1986.

BT plans to adjudicate the alternative exchange bids early next year. Northern Telecom and Pye TMC said that if they were successful they would build new plants in the UK. Thorn Ericsson already has a suitable plant in Scunthorpe, Lincolnshire.

Pye TMC will offer ESS5/PRX exchanges based on an American Telephone and Telegraph design. AT&T and Philips have formed a joint venture to market the exchanges internationally, but the only European orders received so far have been from the Netherlands.

Thorn Ericsson will bid the AXE-10 exchange developed by L. M. Ericsson, which has already supplied international exchanges to BT. Northern Telecom would offer its DMS series exchange, which has been highly successful in the U.S. and Canada.

Lex, Page 24

# Akroyd profits slide as Mercury details merger

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

UNSETTLED trading conditions in the London stock market have depressed the profits of Akroyd and Smithers, one of the largest stockjobbers, just as the group is making formal merger arrangements with Mercury Securities.

The indication emerged yesterday as Mercury, the parent company of S. G. Warburg, the British merchant bank, detailed its £330m ($400m) merger plan with Ackroyd, stockbroker Rowe and Pitman, and gilts specialist Mullens – one of the most ambitious realignments in the British securities market.

On the London stock market yesterday, the share price of Akroyd was unchanged at 365p.

In a circular to shareholders detailing the regrouping of the four firms, the board of Akroyd has estimated that the pre-tax profit for the year ended September 28 1984 "will be considerably lower than that of last year." In the financial year ended in September 1983, Akroyd reported pre-tax profits of £16.1m. For the six months ended March 23 of its financial year just ended it announced pre-tax profits of £7.8m compared with £9.4m a year earlier.

Akroyd said that it has made a small profit in the second half of the financial year just ended "despite particularly unsettled market conditions," during that period.

Rowe and Pitman and Mullens say that trading for the five months ending September 14 1984 has been "satisfactory" but point out that factors outside the control of stockbrokers mean that past trends cannot be taken as a guide to future performance.

The regrouping will create an investment banking group with more than 1,700 staff. At present, there are 850 staff at Mercury, around 400 at Akroyd, 350 at Rowe and Pitman and 150 at Mullens.

Yesterday's circular says that "high priority will be given to personnel considerations. At an early stage, a detailed and extensive review of eventual staff requirements will be conducted."

It adds: "Rationalisations of any kind may involve some redundancies; if any arise, even after natural wastage and any early retirements, they will be shared as fairly as possible by the four firms. Of particular importance, no recruitment by any of the four firms will take place until candidates from the other three have been considered."

Mr David Scholey, chairman of Mercury, Mr Brian Peppiatt and Mr Timothy Jones, joint chairman of Akroyd and Smithers, Mr Peter Wilmot-Sitwell, senior partner of Bowe and Pitman and Mr Nigel Althaus, senior partner of Mullens, have said they are "confident" that the merger will be for the benefit of clients, shareholders and all those who work in the four firms.

Orion link with broker dropped, Lex, Page 24; Details, Page 31

# Barclays raises $600m with perpetual floating-rate note

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

BARCLAYS BANK yesterday tapped the Euromarkets for $600m – the most ever mobilised by a UK bank in a single fund-raising exercise.

The issue – in the unusual from of floating-rate notes without a maturity date – was warmly received on the Euromarkets, where it was increased from $500m, and the London Stock Exchange, where it dispelled fears that Barclays was planning an early rights issue. Barclays shares gained 10p to 510p.

"Perpetual floaters" are a relatively new way of raising funds with the characteristics of both equity and debt, and were pioneered earlier this summer by National Westminster Bank, also of the UK.

Because Barclays's notes never mature they have the permanence of equity; but they pay interest which is periodically set at ¼ per cent over the London interbank offered rate (Libor) for six-month deposits, the normal yardstick in the Euromarkets.

**CRÉDIT NATIONAL, France's state financing agency, is today due to launch its long awaited $500m, 10-year loan facility in the Euromarkets. The borrower yesterday selected Banque Nationale de Paris and Morgan Guaranty to lead the transaction. Page 46**

Unlike the NatWest issue, payment of interest is not dependent on Barclays paying a dividend on its common stock, so it is less risky and the terms are slightly tighter.

The issue was organised by Barclays Merchant Bank and will be used by Barclays to develop its worldwide business.

Barclays had been expected to tap the capital markets since the British budget in March, which forced it to take £550m ($682m) out of reserves to meet increased tax liabilities. There was some doubt yesterday, however, about the extent to which the new issue would plug that hole.

Barclays said it had not yet had discussions with the Bank of England over how the proceeds would be treated on its balance sheet. If, as seems likely, the central bank says it is debt, there is a limit to how far Barclays will be able to "gear it up" to expand its business.

Barclays was claiming yesterday that the issue belonged to a "new tier" between debt and equity. It also said that the issue was mainly designed to raise funds for the bank, and was not intended primarily to boost its basic capital resources.

Last April NatWest raised $500m on slightly more generous terms for investors. They ran the risk, however, that NatWest would not pay interest if it decided to suspend its dividend. This link was supposed to give the NatWest notes certain equity features.

Eurobond report, Page 46; Barclays counters criticism, Page 32

# Debate 'victory' boosts Mondale

By Reginald Dale, U.S. Editor, in Washington

A VICTORY on points for Mr Walter Mondale, but no knockout.

That was the nearly unanimous verdict of independent political analysts and pollsters on the first round of nationally televised presidential debates in Louisville, Kentucky, on Sunday night.

Delighted supporters of the Democratic candidate, a self-proclaimed underdog, went much further. Mr Mondale's relaxed and fluent performance before more than 100m viewers had laid the basis for a great "turnround" that would be unprecedented in U.S. political history, they said yesterday.

Mr Mondale had "out-communicated the Great Communicator," said one of his staff. The candidate himself was described as "elated" after the 100-minute encounter that covered domestic policies ranging from the budget deficit and taxes to the sensitive subjects of religion and abortion.

President Ronald Reagan's campaign advisers admitted that Mr Mondale had scored "some hits." Mr James Baker, the White House chief of staff, agreed that Mr Reagan had been "more tentative" and not "as strong and clear as usual."

The Reagan team insisted, however, that Mr Mondale's unexpectedly smooth performance would make no more than a small dent at most in the massive 15 to almost 30 percentage point lead that Mr Reagan has been enjoying in the campaign.

Early opinion polls tended to support the Democratic interpretation of the "debate" – more like a simultaneous, twin press conference – in which Mr Reagan showed signs of nervousness and fatigue and failed to impose his usual total command of the TV medium.

An overnight poll by Newsweek magazine said that Mr Mondale beat Mr Reagan by 56 to 35 per cent. A similar poll by ABC News put the Mondale victory margin much closer at 39 to 38 per cent. The USA Today newspaper came up with Mondale 39 per cent, Reagan 34 per cent.

The early polls, however, were based on small samples, and the general view yesterday was that a few more days would have to elapse before a clear reading could emerge.

Neither contestant made any major errors or any significantly new policy points in the debate, in which Mr Mondale was consistently more on the offensive, Mr Reagan on the

Continued on Page 24

First round to Mondale, but ..., Page 22

# Peking to set course for a free market

BY MARK BAKER IN PEKING

CHINA is to begin dismantling its centrally planned economic system in favour of a mainly free-market structure.

Premier Zhao Ziyang has confirmed that reforms to be announced later this month are likely to involve the most radical changes in China's economic planning since the founding of the Communist state in 1949.

Zhao has told Western business leaders that the Government's long-term plan is to dismantle all administrative methods of governing the economy.

China would instead regulate its economy through laws, Western economic levers and a pricing system based on supply and demand. "That is what you in the West call the free market economy, but our framework will be of socialist ownership," Zhao said. "We will make use of the law of value and the market mechanism."

He said the changes would produce an economic system radically different from those of the Soviet Union – the original model for Communist China – and the countries of Eastern Europe.

The premier was commenting during a briefing for 42 visiting Western industrialists, bankers and economists on an economic planning document to be ratified by a meeting of the Communist Party central committee. The party plenum is expected to begin by next week.

Deng Xiaoping, the Chinese leader, predicted last week that the plenum would "go down in history." The sort of changes Zhao has described will be more than historic, however. They appear to throw the vestiges of socialist economic orthodoxy out of the commune window.

Zhao said the main purpose of the proposed urban reforms would be to activate all enterprises and industries by making them independent producers.

Chinese officials have indicated that the changes will include steps to break down controls on prices, cut the massive subsidies operating in the Chinese economy and give planning autonomy to production managers.

While China has had great success in agriculture by giving free rein to private enterprise and initiative, the reforms will not be so easy in the urban economy.

China has maintained a structure of artificially low prices and wages by devoting a third of its annual product to subsidising staple foods, accommodation and transport. It cannot unlock prices without unlocking wages, and the risks of rampant inflation are great.

In a separate meeting at the weekend with a Romanian friendship delegation, the Chinese President, Li Xiannian, said that the Socialist-planned economy must reflect the law of value.

"We are still studying this problem and more efforts are required," he said, adding that the success of agricultural reforms meant that China was now ready to restructure its urban economy.

As part of the changes, the state planning commission announced at the weekend that from next year over half the products for which output targets are now set would switch to more general production guidelines or be left to market forces.

# China to order TV satellites from West

BY PETER MARSH IN LONDON AND DAVID MARSH IN PARIS

CHINA is about to place important contracts with Western aerospace companies as a prelude to establishing a $1bn network of TV broadcasting satellites by the end of the decade.

Later this month the China Broadcasting Satellite Corporation, an agency of the Government, is due to issue specific tender requests to four U.S. and West European companies for the first pair of four TV satellites.

The companies – Ford and RCA of the U.S., MBB of West Germany and Matra of France – will be asked to formulate bids by the end of the year for building the space vehicles. The Government will decide on the successful bid by early spring, ready for launch of the first two craft in 1987 or 1988.

The satellites will be put into orbit by either the U.S. space shuttle or Western Europe's Ariane

Continued on Page 24

Hoping for a new era in education, Page 7



CONTENTS

David Barchard in Ankara describes a crisis in U.S.-Turkish relations

# Turks sulk at biggest ally's 'near-betrayal'

TURKEY and the United States, two close military allies, are now eyeing each other cautiously, like two lovers who have just made up after a bad quarrel and are still mistrustful of what the future may hold.

The quarrel, which centred on a Congressional resolution about massacres of Armenians during World War One and proposed cuts in U.S. aid to Turkey, ended last week when Congress voted Turkey a total of $700m in military aid for fiscal 1986 and a further $175m in economic aid. The total of $875m contrasts with a figure of $934m requested by the Reagan Administration.

On the face of it, Turkey and the U.S. look like natural allies with few obvious areas of dispute. Since the fall of Iran, Turkey has been a prime source of U.S. military intelligence on the Soviet Union. Around 5,000 U.S. personnel are stationed in Turkey, on bases which since 1980 have been designated joint installations—flying the Turkish flag and under Turkish command but operating in many ways as they did during the heyday of Turkish-American friendship in the 1950s.

Turkey has few obvious reasons to pick a quarrel with the U.S., because however much the Turkish/Greek dispute grabs the headlines, the country's long-term strategic planning revolves mostly around the perceived threat from the Soviet Union. It relies almost entirely on the U.S. for its arms procurement and the annual grant of military aid pays the cost of the 509,000 men Turkey keeps under arms—the second largest standing army in Nato but by far the worst equipped.

Though Turkey's relations with Western Europe have been shaken by debates in the Council of Europe and European Parliament about human rights, Turkey's links with the U.S. have grown stronger since the generals stepped in in 1980.

The new civilian government of Mr Turgut Ozal favours close links with Washington, especially as far as foreign investment is concerned and grassroots anti-Americanism is weak by the standards of the region. The Turkish Press normally takes a relatively friendly line and American military personnel, including blacks, have little difficulty jn striking up local friendships.

It therefore came as a shock both to Americans and international observers when Turkish newspapers started to run banner headlines several weeks ago attacking the U.S. for having "stabbed Turkey in the back."

The ostensible heart of the dispute was a resolution before Congress condemning "man's inhumanity to man" and referring to the alleged genocide of 1.5m Armenians in Turkey before and during World War One. Turkish sensibilities were inflamed both by the reference to genocide (which Turkey has consistently denied) and by the claim that the Armenians had had a homeland on what has been Turkish territory for more than 2,500 years.

"It was the last straw," says a Turkish Foreign Ministry official. "A very strong symptom of a disease affecting our relations with the U.S. Every year we have been witnessing Congressional interference in our relations. It has created a serious problem of confidence."

Turkey sees the annual aid programme as a commitment which it agreed with the U.S. in o1980 under a defence and economic co-operation agreement which still has a year to run. In the Turkish view—which often amounts to direct criticism of U.S. Congressional behaviour—the aid is simply a quid pro quo for the 25 bases and nearly 75 other installations on which American service don't want to be a second Argentina or Chile with most of our politicians and civil servants on the U.S. payroll.
personnel operate in Turkey.

There is an uneasy feeling among some observers, however, that the failure in Turkish-American relations runs deeper. Turks who know the U.S. were worried about what they see as *a widening rift, largely based* on the fact that Turkey's traditional Greek and Armenian enemies command much more influence there than the relatively tiny, though wealthy, Turkish-American community.

The rift between Turkish Government and Congressional opinion widened last November when Turkey turned a blind eye to the Turkish Cypriot decision to declare unilateral independence, thus taking a calculated risk on Congressional confrontation. The decision seems to have been borne out by last week's aid decision. "Even so, we find it much easier to deal with countries like Iraq or Yugoslavia where public opinion and Press and Parliament are less of a factor," says one Turkish civil servant privately.

Some Western diplomats see the latest upset as a storm in a teacup — essentially a fit of Turkish pique which will not alter relations with the U.S. much. Others believe that it was a preemptive move, intended to warn the U.S. that Turkey, despite its dependence over arms procurement, is prepared to look elsewhere for help.

"Turks have to show that they have no intention of sinking into a Latin American style relationship with the U.S.," says one Turk. "Anyone who looks at Latin American can see what the dangers for Turkey are. We

"If a few truculent civil servants making difficulties for foreigners and a reputation for obstinancy and pigheadedness is the price of independence, then Turks will always be ready to pay it," he says.

Turks point to the 1979 trial of the deputy head of Turkey's national intelligence organisation, currently serving a 17-year jail sentence for communicating information to U.S. and British intelligence officers, as evidence of this attitude.

Perhaps because of such views, the influence of the U.S. embassy in Ankara remains strikingly limited in a country which is the third largest recipient of U.S. aid.

"We think we are making a strong contribution to the Western defence effort," says the Foreign Ministry official. "*We have made a choice which* entails risks and we want reciprocity in that. The attitude of Congress forces us to question all the foundations of our relationship with the U.S. It looks to us like a forum where all hostile elements assemble who want to weaken Turkey or destabilise it by restricting assistance."

Even after the twelfth-hour decision of Congress to drop the resolution on the Armenians and give aid at a relatively high level, some of the bitterness and distrust on both sides looks certain to linger.

## Greece shuts air corridor

**GREECE yesterday closed one of the air corridors in the north Aegean Sea for two days, saying it was dangerous to civil aviation as a result of a Nato exercise in the area, Reuter reports from Athens. The corridor, runs from Alexandroupolis and the island of Lemnos to the Dodecanese island of Rhodes.**

**"Greece is responsible for the safety in the Athens Flight Information air traffic control area. In order to protect civil aviation during the *Nato exercise, it has decided* to close the corridor," a spokesman said.**

**The island of Lemnos, over which the exercises is taking place, lies close to the Turkish Anatolian coast and Turkey says international treaties *forbid its fortification.* Greece rejects this interpretation and wants to involve the airport there in the exercises to underline its right to fortify the island.**

**Greece is not taking part in the exercise, which began in the early hours of yesterday, and has said it will deploy its own fighter-jets to intercept the allied aircraft. Athens is concerned about air defence manoeuvres by Turkish aircraft in an area which is the subject of dispute between the two.**

**Andriana Ierodiaconou adds from Athens: Mr Igor Andropov, son of Mr Yuri Andropov, the late president of the Soviet Union, arrived in Athens yesterday to take up his post as Moscow's new *Ambassador to Greece.***


**Moscow's choice of an élite name for the Athens Embassy is interpreted by Western diplomats here as a gesture of recognition for the Greek Socialist Government's pro-*Soviet policy.***

# Malta and Church may reach pact on schools

*By Godfrey Grima in Valetta*

**DISCLOSURES by the Maltese Government and the island's Roman Catholic Church suggest the two are not as widely divided in their dispute over church schools in *Malta as to discourage hopes* of an eventual accord.**

**A compromise suggested by the Vatican chargé d'Affaires in Malta, Cardinal Francesco Canalini, says church schools can dismantle their fees system, as demanded by Mr *Dom Mintoff,* the Premier, as from January, if agreement is reached between state and Church on a number of conditions.**

**These include the joint financing of church colleges, the setting up of a new formula regulating entry into church schools and an assurance by Mr Mintoff's Government on the character and autonomy of church schools being preserved.**

**Cardinal Canalini also suggests the creation of a joint commission to work out an accord that would ensure the reopening of church schools.**

**Cardinal Canalini's proposals were intended as a working paper for last Friday's negotiations in Rome between Mr Mintoff and Cardinal Agostino Casaroli Vatican Secretary of State.**

**Mr Mintoff's Government insists the proposals were rejected by both parties. The Church disagrees and Archbishop Joseph Mercieca, head of the island's Catholic Church, has publicly reiterated his backing for Cardinal Canalini's proposals.**

**Mr Mintoff's administration has since publicised proposals the Prime Minister made to Cardinal Casaroli on September 5 in which he demanded *that* secondary education on the island be provided free of charge.**

**He also suggested the setting up of a new criteria to govern entry into church colleges—one that would exclude class distinction.**

**Mr Mintoff proposed that the state subsidise church schools whose funds are jointly controlled by the state and the church. The identity and character of church schools abiding by these conditions will be guaranteed, Mr Mintoff added.**

**This indicates that differences between Malta and the Vatican are not unbridgeable, unless fresh proposals made on Friday imply a significant shift in Mr Mintoff's position.**

# Spain's highest court to begin examining Rumasa case again

BY TOM BURNS IN MADRID

SPAIN'S Constitutional Court was yesterday due to begin examining a new appeal against the Government's expropriation of the Rumasa private holdings company, according to the lawyer acting for Sr Jose Maria Ruiz-Maetos, the conglomerate's former chairman and chief shareholder.

The court, which is the supreme legal body in Spain, and tests legislation vis-à-vis the constitution, ruled in December last year in favour of the expropriation, when it rejected an appeal against the Goverment's takeover lodged by the conservative opposition party, Coalicion Popular.

The decision to re-examine the Rumasa dossier is a surprising development that could affect current litigation concerning Sr Ruiz-Mateos in London and Frankfurt, as well as the sale of Rumasa assets.

The Government's case in December was that the giant Rumasa holding had been expropriated to prevent its bankruptcy. Sr Ruiz-Mateos, who left Spain shortly after the takeover, was subsequently charged on a variety of alleged fraud counts, and his extradition is currently being demanded from West Germany.

The appeals before the Constitutional Court were viewed by lawyers in Madrid yesterday as delaying any extradition for the foreseeable future.

Sr Ruiz-Mateos was arrested by West German police and held for three months in prison earlier this year and is at present living in Frankfurt.

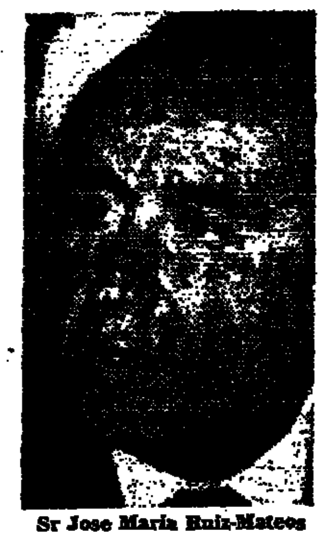
Sr Crispin de Vicente, the chief lawyer in Spain representing Sr Ruiz-Mateos, said there were at present three specific appeals against legal aspects of the expropriation before the Constitutional Court.

Two, which were placed by Sr Vicente's team before the court at the end of August, refer to alleged infringements of legal safeguards for Sr Ruiz-Mateos and his immediate family, who were the main shareholders of Rumasa.

The third appeal follows a resolution by a lower court judge in Madrid which is said by Sr de Vicente to be "especially significant."

The judge's ruling, which was sent to the Constitutional Court yesterday, centres also on the alleged lack of legal safeguards for Sr Ruiz-Mateos when the Government decreed the expropriation in February 1983.

A key feature of the resolution is that the judge rejected pleas by lawyers representing the Spanish state that the Constitutional Court had already ruled on the expropriation.



Sr Jose Maria Ruiz-Mateos

Sr de Vicente believes that the Constitutionel Court will review all three appeals together and expects judgment in between four or five months.

The original court ruling on Rumasa last December was *only narrowly favourable to the* Government.

The 12 members of the Constitutional Bench divided six to six on the legality of the expropriation and the ruling was decided by the casting vote of the court's chairman.

*The appeals are also likely* to delay current litigation in British courts between Williams and Humbert, a former Rumasa asset, and Sr Ruiz-Mateos over the ownership of a trademark, as well as further litigation between the Spanish state and *the former Rumasa chief share*holder, over the ownership of a Rumasa subsidiary in Britain, Multinvest (UK), according to Sr de Vicente.

The re-examination of the Rumasa expropriation by the constitutional court is also expected to affect the sale of the holding's assets.

The Banco Atlanico, considered the most profitable Rumasa asset, was sold in March to a Spanish-Arab group led by the Arab Banking Corporation.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York NY 40022.

# Andreotti under attack over foreign policy

BY JAMES BUXTON IN ROME

SIG GIULIO ANDREOTTI, the Italian Foreign Minister, was still at the centre of political controversy in Rome yesterday despite the vigorous defence he has made of himself.

The controversy over his alleged support for the discredited financier Sig Michele Sindona, may have already weakened his standing and damaged his chances of succeeding Sig Sandro Pertini as President of Italy next year.

Two of the smaller parties in Sig Bettino Craxi's five-party coalition Government have now strongly criticised the Minister's conduct of Italy's foreign policy, while the right-wing Italian Social Movement (MSI) is collecting signatures from MPs in other parties for a motion of no confidence in Sig Andreotti.

Last Thursday, parliament rejected a motion put forward by the left-wing Radical Party calling for Sig Andreotti's resignation over his alleged past support for Sig Sindona, who was extradited to Italy from the U.S. last month.

The motion failed but it is clear from the voting figures that a significant number of Sig Andreotti's fellow Christian Democrats voted against him in the secret ballot.

The Italian Communist Party abstained in the vote but in an embarrassing *volte face*, subsequently called for Sig Andreotti's resignation. With the Christian Democrats now reunited around Sig Andreotti, the attack has *now* switched to his foreign policy.

Both the Social Democrats and the Liberals have expressed their disquiet with a foreign policy which they have long considered too soft on the Soviet Union and the East bloc, and too sympathetic to supposedly "unreliable" Third World states such as Libya.

Last month, Sig Andreotti triggered off a serious row with West Germany after he spoke of "pan-Germanism" and opposed any eventual reunification of the two Germanies.

The two coalition parties want at least a "clarification" or even a parliamentary debate on Sig Andreotti, while the MSI initiative could lead to a new vote on his future.

But the furore has brought to light no new allegations against Sig Andreotti over his supposed role in past scandals dating back to the 1970s, and his considerable influence in the Christian Democrat Party through which he exercises a role crucial to the fate of Sig Craxi's government. His standing appears for the moment to be battered but intact.

# Brussels silent on reports of fish quota cheating

BY OUR BRUSSELS CORRESPONDENT

REVELATIONS of a substantial "grey market" in unrecorded fish catches by the Dutch fishing industry were greeted with a stony silence in Brussels yesterday.

The European Commission issued a firm no comment on inspectors' reports which allege that fishermen in the Netherlands are docking official EEC quotas by selling large quantities of their catches without reporting them to Brussels.

It is understood, however, that the Commission is embarrassed by the lack of the reports from its recently established fisheries inspectorate. These claimed that both Dtuch inspectors and the Netherlands Government were aware of the practice.

EEC negotiators had hoped to agree a programme for eliminating the "grey market" with the Dtuch without attracting undue public attention.

Netherlands officials in Brussels were last night playing down the affair. While admitting that problems existed, measures to curb the offences were being introduced and better and stricter controls were promised in future.

# Optimism over talks on Lome trade and aid pact

BY OUR BRUSSELS CORRESPONDENT

TALKS AIMED at finalising a third Lome trade and aid pact between African, Caribbean and Pacific (ACP) countries and the EEC open in Brussels today amid high hopes that all outstanding issues can be resolved by the end of the week.

Officials have hammered out a series of compromise proposals on several key areas since the last ministerial meeting in Fiji in the early summer. Agreement on the terms of the new pact is needed soon to allow sufficient time for final drafting prior to a December signing in Lome, Togo.

The current five year Lome agreement expires at the end of February.

The most significant progress in the new agreement has been on the EEC's demands for a reference to human rights and for a dialogue with ACP states on their development programmes and strategy.

The compromises suggest that a note on human rights referring to the Universal Declaration, to which all ACP states are signatories, could be acceptable.

# France imposes 2% pay rise on public sector

By David Housego in Paris

THE French Government yesterday demonstrated its toughness over salaries by imposing on public employees only a 2 per cent increase from November 1, bringing the total increase for public employees, including teachers, this year to 3 per cent.

Trades unions yesterday were unanimous in describing the rise as unacceptable in view of official forecasts of a French inflation rate by the end of the year of 6.7 per cent.

The unions have yet to decide, however, what action to take. At the very least they are likely to call for a series of work stoppages.

Union anger deepened yesterday when the Government decided to refuse negotiations on the increase. This was announced by M Jean Le Garrec, Minister for Public Service, at what was to have been the opening session of wage negotiations for France's 4m employees.

The decision to bypass negotiations—an aspect of relations with the unions by which the Socialists once set much store—was made because of the impossibility of reaching an agreed settlement.

The main teacher's union was seeking a 2 per cent increase from September 1 with a further increase by the end of the year.

Both the Communist-led CGT and Force Ouvrière, the blue-collar workers union which has been growing in strength, have also been pressing for more substantial wage rises.

The dispute over the level of public employees' wage increases is complicated, however by a change in the method by which they are calculated.

Government calculations are based on a comparison of total public employee wage costs in one year as against the next.

On this basis, the Government says that the public service has already received a 6.1 per cent increase in salary costs this year, because of the carry-over effect from increases announced at the end of 1983.

The Government's refusal to negotiate is determined by the fact that it has no leeway to grant further increases in the public sector if it is to stick to its goals on keeping down the budget deficit.

This year's deficit has already overshot the 3 per cent of GNP ceiling set by President François Mitterrand and is likely to be closer to 3.5 per cent.

## Danish manufacturing output rises

Danish manufacturing output was up by 11 per cent in August and by 8 per cent in the quarter to August, compared with the same periods last year, according to the Danish Bureau of Statistics, Hilary Barnes reports from Copenhagen. In the first half of this year output increased by almost 10 per cent.

Employment in manufacturing is also increasing for the first time since 1979, rising to 366,500 in July from 353,700 last year, or by 3.6 per cent.

# Move to unfreeze links with Poland

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

BRITAIN is taking a leading role in a general Western European move to unfreeze relations with Poland, which has been in a political isolation for the past three years.

Mr Malcolm Rifkind, Minister of State at the Foreign Office, is due to pay a four-day visit to Poland at the beginning of next month, which is due to be officially announced shortly.

His visit will precede others planned before the end of the year by Herr Hans-Dietrich Genscher, the West German Foreign Minister and Sig Giulio Andreotti, his Italian opposite number.

Dr Andreas Papandreou, the Prime Minister of Greece, which, although a member of Nato, never joined the Western boycott of Poland, is due to visit Warsaw later this month.

THE political boycott of Poland was part of the sanctions policy decided by the Nato countries following imposition of martial law by the Polish authorities at the end of 1981 because of fears that the Solidarity free trade union movement was getting out of hand.

However, after the Polish government released hundreds of political prisoners earlier this year, the Western governments agreed that the boycott should be lifted progressively.

Even the U.S. which, unlike some other Western countries, has maintained its ban on credits and Polish membership of the International Monetary Fund (IMF), has allowed commercial flights and scientific exchanges between the two countries to be resumed.

But the view in other Western capitals is that the U.S. will not go any further along this road until after the Presidential elections.

Talks on the rescheduling of Poland's huge debts to its Western creditors were resumed following the lifting of martial law in Poland.

But they are still bogged down over Polish unwillingness to pay the arreas on interest and make principal repayments under the 1981 rescheduling agreement.

AP adds from Warsaw: Solidarity's leader, Mr Lech Walesa, called on Poland's Communist authorities yesterday to restore trade union freedoms. The call came in a statement coinciding with the second anniversary of the outlawing of the Solidarity labour federation.

"Solidarity . . . still exists as an organisation, only (it) cannot officially act," he said. "We didnt cease to be Solidarity members. We are still together and that's what constitutes our strength."

The Solidarity leader said he had "nothing against" the new trade unions formed with Government approval to replace Solidarity, but said Solidarity members were determined to struggle to "regain our due rights."

# Soviet Deputy Ministers sacked over 'bribes'

BY DAVID BUCHAN

TWO SOVIET deputy energy Ministers have been sacked from their posts and the Communist Party for taking bribes from officials at the Bratsk power station in Siberia, Pravda announced yesterday.

Mr Pavel Falaleyev and Mr Arnold Stanislavov appear to have knowingly covered up activities of the Bratsk officials who, Pravda said, were "plundering government material" and creating "fictitious documents" and deliberately "confused accounts."

The newspaper also said that a local Irkutsk region party chief and the former head of the Bratsk plant had been expelled from the party.

These dismissals, the latest in a string of highly-placed casualties of the anti-corruption drive started by the late President Yuri Andropov, underscore President Chernenko's speech three days ago, calling for an end to "bribe-taking, profiteering, squandering and embezzlement of Socialist property and abuse of power."

# Gromyko-Honecker talks

THE SOVIET Foreign Minister, Mr Andrei Gromyko (above left) held important talks yesterday with East Germany's leader, Herr Erich Honecker (above right), Leslie Colitt reports from East Berlin.

Herr Honecker's views on the need for a dialogue with West Germany despite its deployment of new U.S. missiles, were opposed by Moscow.

He was prevented from making a trip to West Germany recently under Soviet pressure.

An East German news agency statement issued after the East Berlin meeting said the "unity of the Socialist fraternal countries" and the effective co-ordination of their international relations was especially important at this time.

It also noted that the deployment of new missiles in West Germany and the activation of "revanchist forces" there placed a "burden" on relations between the Socialist countries and West Germany.

But the statement added that East Germany and the Soviet Union would do everything in their power to carry on an "honest and serious dialogue" with "all forces" genuinely interested in improving the international situation.

It noted the talks were held in a cordial, friendly atmosphere

However, in speeches delivered before their talks, it was clear that political differences between East Berlin and Moscow remained.

# Belgrade asked to clarify UK journalist's expulsion

BY ALEKSANDAR LEBL IN BELGRADE

THE BRITISH embassy in Belgrade sought clarification yesterday from the Yugoslav Foreign Ministry about the reasons for the weekend expulsion of Mrs Nora Beloff, a British freelance journalist.

Mrs Beloff's expulsion, which also bans her from Yugoslavia for five years, coincides with a general clampdown on Yugoslav dissidents

The strong action against Mrs Beloff—expulsion without warning—seems designed to convey a warning both to foreign correspondents and to Yugoslav dissidents in contact with them.

The Serbian Interior Ministry yesterday issued a statement that Mrs Beloff has been expelled because of her "unregistered sojourn and distribution of subversive-propagandistic materials."

Foreigners are supposed to register with the police within 24 hours of arrival in the country, and apparently Mrs Beloff did so after five days.

This pretext aside, Mrs Beloff appears to have roused the authorities' ire by distributing for comment parts of a planned book

# Talks start on fate of embassy refugees

By Rupert Cornwell in Bonn

DISCUSSIONS have begun between Bonn and East Berlin over the fate of the East Germans — said to number 140 — who have taken refuge in Bonn's embassy in Prague.

A spokesman confirmed that negotiations had begun, and reiterated that West Germany was seeking a "humane" solution to what has become the most serious embarrassment of its kind so far.

The real problem faces the East Berlin regime — over how to rec—?—?— its tougher approach to Bonn after the cancellation of last month's planned visit to West Germany by Herr Erich Honecker, the East German leader, with pressures for greater freedom of movement at home.

The situation in the embassy itself was reported to be calm but anxious. According to the spokesman, embassy staff are managing to provide "adequate" food and medical assistance for the small army of uninvited guests.

Meanwhile, although the mission is formally closed, arrangements have been made for essential services, such as the issue of visas, to continue.

West German diplomats in Prague are pressing on with preparations for Ministerial-level economic talks in Bonn with Czechoslovakia, scheduled for October 22.

The Czech authorities have stopped security checks at the entrance to the mission. They are, however, maintaining surveillance of the rear of building, where a number of would-be refugees gained access by climbing over a fence on Friday.

Travellers report that the Czech frontier police are now preventing many East Germans from crossing into the country.

Hitherto, Czechoslovakia has been the one country which East German citizens have been able to visit without a visa—a factor which contributed to the earlier invasion of the Embassy by 40 of them in February.

That crisis, and the similar occupation of Bonn's East Berlin mission by 55 East



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October 1984

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# Oil tanker ablaze off Kharg Island

BY RICHARD JOHNS

SIX CREW members were killed and another half a dozen badly burned yesterday morning when the World Knight, a Liberian-owned 255,000 deadweight ton super-tanker, was struck 45 miles from the main Iranian oil terminal at Kharg Island.

*World-Wide Shipping Agency* of Hong Kong, its owners, said that the vessel was in ballast. It was on charter to Sanyong of South Korea, according to oil company informants.

In Baghdad a military spokesman claimed that Iraqi aircraft had "successfully raided" two unidentified vessels. No other casualties were reported.

The strike was the first against oil tanker traffic in the Gulf since September 16 when Iranian aircraft severely damaged two vessels, one carrying oil *lifted from the Saudi* Arabian oil terminal of Ras Tanura and the other bound for it — in retaliation for Iraqi attacks on shipping in the previous week.

Yesterday afternoon the World Knight was still ablaze. Bahrain-based tugs of Wijsmoller B.V., which has the salvage rights and Selco were fighting the fire Units of the Iranian Navy were also reported to be trying to assist the stricken vessel.

The World Knight brings to 46 the number hit since the tanker war began in February when Iraq started deploying Super Etendard aircraft equipped with Exocet missiles.

There was some confusion yesterday because the crewmen said in their May-day distress call that the super-tanker had been hit by a bomb. The assumption was, however, that it had been struck by an Exocet missile.

Despite the flurry of Iraqi attacks and the Iranian retaliation last month the war-risk insurance premium set by leading Lloyd's underwriters for hulls destined for Kharg Island *remained* at 4 per cent for seven-day journeys into the Gulf, the rate effectively in force since August. For cargoes 2 per cent is being charged.

● The board of the Abu Dhabi National Oil Company (Adnoc) meets today to consider adjusting differentials and equity margins on Abu Dhabi's light crude oils, the Middle East Economic Survey (Mees) said, Reuter reports from Nicosia.

It said the move follows a sharp fall in Abu Dhabi output to around 600,000 barrels a day in the past two months from the normal 800,000 to 850,000 b/d, and reflects government concern to restore the competitiveness of Abu Dhabi crude.

# Decline of Lebanese pound points to a new caution

BY TONY WALKER IN BEIRUT

THE SUSTAINED decline in the value of the Lebanese pound is further weakening investor confidence in Lebanon at a time when the search for a comprehensive peace remains elusive.

The pound ended last week well under eight to the dollar, a drop of more than 20 per cent in the past month. Its weakness underlines the continuing lack of confidence among the Lebanese at the Government's *attempts to restore order.*

It is estimated there has been a net capital outflow in the past 21 months of between $2.5bn and $3bn, much of which left the country during and after the outbreak of heavy fighting in February.

The balance of payments has also continued to deteriorate through the first six months of the year. The half-year deficit was $600-700m compared with $900m for the whole of 1983.

The picture would seem even more bleak if it were not for the almost legendary ability of Lebanese to revive their economy when a semblance of order has been restored.

The durability of Lebanon's economy in the face of the most appalling disruption has astonished even the Lebanese themselves. Three times in the past decade, most recently for a brief period after the election of President Amin Gemayel two years ago, economic activity revived sharply at the very hint of real progress towards peace.

But now, local economists and bankers report there is a great deal more caution among investors who have been hurt "once too often." Businessmen are waiting to see whether Mr Rashid Karami's "Government of National Unity" can extend *the peace beyond Beirut's boundaries* to the north and south before committing themselves to new investment. Banks are likewise adopting very cautious credit policies.

"If peace is established I give the country two years to take off, to establish a viable economy and seven or eight years before it can rebuild itself and remove evidence of war," said a local economist.

The Government will face the immense task of not only rebuilding the country's infrastructure shattered by a decade of war, but of restoring its systems of revenue collection. It is estimated that some $300m in unpaid taxes and charges are owed to the state. The authorities are proposing a 20 per cent reduction in the outstanding amounts if those owing the *money pay immediately.*

Another serious problem for the exchequer has been the growth of unofficial ports beyond the writ of the customs. Dues from these privately-run ports, of which there are thought to be more than a dozen throughout Lebanon, are denied to the Government. Customs receipts at Beirut's main port are currently below $500,000 a month compared with more than $2m before the port was closed by fighting in February.

The Government's answer to dwindling revenues is likely to be the imposition of austerity measures. These include the removal of subsidies on some basic commodities and an increase in the price of petrol.

Some reconstruction work in Beirut has begun but it is confined mostly to clearing away rubble in the streets and restoring roadways damaged in the fighting. Major hotel and office reconstruction projects have yet to get under way.

Lebanon's Council for Development and Reconstruction estimates it will cost about $33bn to rebuild the country. Saudi Arabia has promised some assistance and other Arab donors will no doubt come forward, but Gulf states beset by economic difficulties themselves are not in a position to contribute the billions Lebanon requires.

Lebanon can however be grateful that it has almost no foreign debt and reasonably healthy cash and gold reserves totalling some $3bn. The latest economic indicators also show the glimmer of a recovery in the export sector. In July and August there was a modest increase in exports of industrial goods compared with the same period last year. Mainly due to a 50 per cent increase in the export of garments helped by the depreciation of the pound.

Lebanon's Chamber of Commerce has found in recent surveys of its members some return of confidence. About 30 *per cent of companies* believe there has been some improvement in economic conditions since June this year when the Government of Mr Rashid Karami started restoring order with the help of Syria. As Dr Abdullah Attieh of the Chamber of Commerce said: "Now it's not so good, but it is not so black as before."

# Five die as rival sects riot in Pakistan

BY MOHAMMED AFTAB IN ISLAMABAD

AT LEAST five persons died in rioting between the Moslem minority Shi'ite and majority Sunni sects over the weekend. Police reports in Karachi said the clashes continued yesterday.

Three persons were burnt *to death when 70 shops and* houses were burnt down and looted on Saturday and Sunday.

The Government called out troops which yesterday were patrolling Karachi, Pakistan's biggest business centre, and industrial town. All banks and businesses remained shut in the wake of rioting, which continued in the Guru Mandar, Liaquatabad, and Lalukhet areas.

The rioting started when a rumour was spread that Sunnis had burnt down a Shi'ite mosque. A large procession which was on the streets mourning the death of *Saint Imam Hussein, 1,400* years ago, then went on the rampage. A Shi'ite and a Sunni mosque each have been damaged, sources said.

● The rupee has been left limping by the unprecedented surge of the U.S. dollar since mid-September, and dealers see no immediate sign of health of the Pakistani currency.

*After* a decade of being pegged to the U.S. currency at 9.90 rupees to a dollar, the Pakistani currency was delinked on January 7, 1982. It has been on a constant downward slide ever since.

Its current value is at an all-time low of Rs 14.52 to the dollar—down 44 per cent since January, 1982.

# Japanese confectioner faces poison extortion

BY ROBERT COTTRELL IN TOKYO

JAPANESE police yesterday found a poisoned Morinaga chocolate in a shop in Osaka, western Japan. It had been "spiked" with 0.2 grams of sodium cyanide, a dosage which police said would kill its consumer. The sweet carried a label saying "Danger—eat this and you die—poison."

Shares in Morinaga and company, one of Japan's leading confectioners with annual sales of around Y120bn ($486m), fell over 10 per cent yesterday as extortionists began poisoning its products with lethal doses of cyanide. The poisoners are believed to be the same gang which earlier this year harassed Ezaki Glico, another large confectioner.

In a letter received yesterday by five leading Japanese newspapers, the Morinaga extortionists said *they had* planted 20 poisoned Morinaga chocolates, and would plant 30 more in 10 days' time. In a letter to Morinaga on September 12, the gang, writing under the pen-name Kaijin Nijuichi Menso ("man with twenty-one faces"), had demanded Y100m. Morinaga and Company shares fell Y54 yesterday to close at Y466. The affair depressed the Tokyo Stock Market, whose Nikkei-Dow Jones Index closed 34.10 points down at 10,676.93.

The Morinaga affair is likely to increase pressure on Japanese police to produce at least some plausible explanation of why so bizarre a series of vendettas has been so flagrantly *and successfully* pursued.

The harassment of Ezaki Glico, which included the kidnapping of the company's president, two arson attacks, and finally a poisoning campaign—with no fatalities—similar to that now threatening Morinaga, occurred over a period of three months, and was apparently called off eventually by the blackmailers themselves, *who said in a letter* on June 26 that they planned to take a "holiday."

Yesterday's letter, announcing the Morinaga poisoning, *addressed itself to "all mothers* in the country." It said that "Morinaga is the best when it comes to confectionery . . . but the taste is somewhat bitter now that we have added a special seasoning of sodium cyanide."

It said that the products of Morinaga Milk, a sister company of Morinaga and Company, are safe, and concluded with a demand for the resignation of Osaka police chiefs. If they failed to solve the case.

# Manila seeks extension of foreign loan moratorium

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINES Government has asked its commercial creditors for another 90-day extension of the moratorium on payments on principal of its foreign loans. The moratorium, which was first declared in October last year, is to end October 9.

In a message to creditor banks on the weekend, Prime Minister and Finance Minister Cesar Virata and Central Bank Governor Jose Fernandez, said that the Government would continue to pay interest on all loans. Interest payments are updated up to the end of last *July, but banks were informed* that the Government will shortly pay interest due up to the end of August.

The extension is necessary pending conclusion of negotiations with an advisory committee composed of the Philippines' major commercial creditors. The advisory committee's commitment in principle to the Government's economic recovery programme is awaited before the International Monetary Fund, with whom the Government has a long-standing application for an SDR 615m (£492m) standby credit, approves the revised letter of intent which was submitted last October 5.

The new letter of intent outlines the Government's recovery programme designed substantially to reduce the inflation rate and restore balance of payments stability.

The programme also calls for:

● *Significant* reduction of budget deficits of the Government and state corporations.

● The imposition of ceilings in money supply.

● Adoption of a flexible peso exchange rate.

● Provision of adequate funds to government financial institutions.

## Libyans withdraw

Libyan forces have begun dismantling all their 14 known strongpoints in Chad and are continuing their withdrawal from advanced positions in the desert, French military officials said yesterday, Reuter reports from N'Djamena. The officials said French forces were keeping pace with the Libyan withdrawal and evacuating all their positions along the so-called "red line" on the 15th parallel.

## Bombs in Sri Lanka

Guerrillas set off three bombs in Colombo today slightly damaging oil pipelines, the Sri Lankan National Security Ministry said, Reuter reports. The ministry said the bombs were intended to blow up pipelines from Colombo port to an oil *installation* at *Kollonnawa* and an oil refinery at Sapugaskande, both near the capital. Police *detected* another explosive device before it went off.

# Durban fugitives set for long stay in UK consulate

BY ANTHONY ROBINSON IN JOHANNESBURG

OCCUPATION of the British *Consulate in Durban by the* three remaining anti-apartheid activists now seems set to continue indefinitely following a ruling by the Natal Supreme Court in Pietermaritzburg yesterday upholding the validity of arrest orders issued against them.

The three men—Mr Achie Gumede, president of the *United Democratic Front,* and Mr Billy Nair and Mr Paul David of the Natal Indian Congress—entered the consulate on September 13 accompanied by three other men who left voluntarily on Saturday and were promptly arrested on the street by security police.

Lawyers acting for the three remaining men said that they would probably also leave the consulate if the judgment was in their favour. But shortly after the judgment was announced their spokesman, Mr Praveen Girdham, announced that the three men would now stay in the consulate indefinitely "unless there was a dramatic change in the circumstances." Their lawyers have sought leave to appeal and this will probably be heard early next week.

In a statement shortly after the judgment was announced the three men commented: "The judgment effectively endorses the awesome power of the minister of law and order to detain people without being accountable to anyone, including the courts."

They also repeated their demand that the South African Government return to England the four South African citizens who are due to face trial in an English court later this month on arms smuggling charges.

The South African Government earlier gave its binding word that it would return the four men but subsequently reneged on its undertaking in a spirit of "tit for tat," ostensibly to show its anger at the refusal of Britain to expel forcibly the six from the consulate.


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# AMERICAN NEWS

## Solution to Western world's steel crisis 'may be in sight'

BY IAN RODGER IN CHICAGO

AN END to the long and costly over-capacity crisis in the West's steel industries may be in sight.

Mr Lenhard J. Holschuh, secretary-general of the International Iron and Steel Institute (IISI), has held out the prospect of reaching a reasonable balance between demand and capacity by 1990, provided that producers carry out their planned plant closures.

Mr Holschuh, speaking at the IISI's annual conference in Chicago, painted a generally more positive picture of the steel industry than has been heard for a long time.

This new optimism may in part reflect a substantial and unexpected growth in consumption occurring in many countries this year, leading to much improved financial results for producers.

U.S. output, for example, was up 22 per cent in the first eight months of 1984; in the EEC, output was up 12.9 per cent; in Japan 11.1 per cent.

Steel industry leaders from all over the world attending the conference also seem pleased that long-festering trade disputes between the major producing areas are being solved, for the most part through agreements to limit volumes of steel being imported or exported.

Mr Holschuh said the medium-term outlook for production of crude steel in the West was still flat, but he argued that these figures gave a distorted and artificially expressed view of the industry.

Improvements in production techniques and product quality meant that customers were satisfying their needs with less tonnage. For example, the yield of finished products from a tonne of crude steel in Japan had increased by nearly 8 per cent in the past decade.

Mr Holschuh forecast that the West's steel consumption would rise 9 per cent this year to 438m tonnes: more than double the rate of recovery he predicted a year ago.

For 1985, he anticipated a slowdown in this trend and perhaps even a slight drop in consumption, mainly because investment activity in many countries has remained weak.

He suggested that on current trends, the West's consumption rate in 1990 might be 447m tonnes. In a cyclical peak year, that could mean consumption of almost 500m tonnes.

The IISI had examined companies' capacity closure plans and concluded that capacity should be between 571m and 610m tonnes by 1990, compared with 595m tonnes in 1980.

"Thus we have the prospect of reaching a reasonable balance between demand and productive capacity at last, after 15 years of disastrously low operating rates. But capacity reductions must proceed at the maximum rate envisaged if the industry is to get back to normal, healthy operation by the 1990s."

## Preliminary ruling on W. German 'dumping'

BY NANCY DUNNE IN WASHINGTON

THE GILMORE Steel Company, whose maverick dumping case against West Germany has threatened to upset the 1982 bilateral agreement limiting European steel exports to the U.S., has won a preliminary ruling from the U.S. Department of Commerce.

The department has agreed there has been dumping of hot-rolled carbon steel plate from West Germany – but not much. After examining the records of the West German company, A. G. Der Dillinger Huttenwerke, which accounted for about 68 per cent of the shipments to the U.S. between December 1, 1983, and May 31, 1984, the department set a dumping margin of 1.57 per cent.

It said that during the period of investigation, dumping duties on the steel plate from Dillinger would have amounted to about $24,097 on sales totalling about $1.2m.

The case now goes back to the International Trade Commission (ITC), which has four months to decide if the imports injured a regional U.S. industry. The ITC issued a preliminary finding last year that there were "reasonable indications" of injury.

## U.S. Jewish community may double aid to Israel

*By David Lennon in Washington*

U.S. JEWISH leaders have promised Mr Shimon Peres, the visiting Israeli Prime Minister, that they will help Israel out of its economic troubles by a reinvigorated fund-raising drive which some hope might produce up to $1bn (£820m).

Mr Peres, who will seek similar assurances from President Ronald Reagan today, wants an early transfer of the 1985 U.S. economic aid grant of $1.2bn. He would also like the U.S. to set up a fund to underwrite Israel's borrowing from international banks.

The Premier met Mr George Shultz, the Secretary of State, on his arrival in Washington yesterday for preliminary discussions on U.S. aid. They were also expected to examine the ways in which the U.S. could help Israel withdraw its troops from Lebanon.

The Israel Bonds Organisation and the United Jewish Appeal between them raise about $500m annually for Israel. Some Jewish leaders spoke on Sunday about doubling this figure through an emergency fund-raising drive.

Mr Peres, who three weeks ago set up a national unity government in Jerusalem, told Jewish leaders in New York that a tripartite effort was needed by his Government, the U.S. administration and the Jewish people to put Israel back on the road to economic growth.

Our correspondent in Tel Aviv adds: The Israeli Government took its war on inflation into supermarkets and department stores yesterday, sending teams of inspectors to crack down on price cheats.

The inspectors were checking that items subject to government price control, which include food and dairy products, were not being marked up. They were empowered to order supermarkets to reduce inflated prices.

In the first series of raids, the inspectors from the Trade Ministry found 70 per cent of stores checked were selling items above the official level.

**Terry Dodsworth** reports on the alarming growth in use of computers to break the law

## The 'toys' that can be turned to crime

IN ONE well-publicised case last year, Americans were made aware that computer crime is not something which exists only inside the covers of a James Bond thriller.

The issue involved the so-called Milwaukee 414 gang of teenage "hackers"—youngsters with a flair for hacking out answers to computer probuems. In the course of their experimentation, they managed to infiltrate the computer of the Los Alamos nuclear weapons research laboratory, to say nothing of the Sloan-Kettering Cancer Clinic, where they inadvertently altered files controlling radiation treatment.

Neither incident proved ultimately to be damaging or fatal. But, according to the American Bar Association, they show only a small part of a problem which is proliferating every day.

The Milwaukee gang used a personal computer to play what it regarded as a "game." There are now more than 9m personal computers in use in the U.S., and they are proving an increasing incitement to crime. "The annual losses sustained by American business and government organisations as a result of computer crime are, by any measure, huge," says the ABA in a new report.

The ABA is unable to put a firm figure on the mushrooming white collar infractions. But, on the basis of its analysis of about 300 top U.S. corporations, it reckons that average annual losses per company could be anywhere between $2m (£1.6m) and $10m. Moreover, computer crime was regarded by respondents to the survey as of greater importance than many other types of white collar crime, including anti-trust violations, counterfeiting, consumer fraud, bank fraud, embezzlement, securities fraud and tax fraud.

The ABA study was commissioned out of a clear sense of frustration that computer crime is, to a large extent, escaping the control of the authorities Like securities fraud, it is often extremely difficult to detect, and frequently demands the sort of know-how that is not widespread among the public.

> Computer crime is regarded by some as the most serious of the white collar crimes. It is costing top companies *millions of dollars a year.*

To respond to this weakness, the ABA advocates the controversial idea of new catch-all legislation to define computer crime and establish appropriate sanctions. It is too difficult, it claims, to tackle the mounting wave of malpractice using the existing body of law, which it says is highly unfocused,

Its own definition of computer crime for the purpose of the survey was very broad. Companies were allowed to comment on virtually any sort of dubious practice connected with a computer, whether it was committed against a machine, or by using one. Theft of computer time and software were equally included.

It is clear that many office workers scarcely ranked the last two items as culpable. Indeed, the crime of duplicating copyrighted software is one which the U.S. courts have been trying to sort out for some time, with very limited success, while borrowing computers for home use, or using them for private business is often seen as hardly more serious than pilfering the office paper supply from time to time.

*Indeed, the report suggests* that one of the problems with computers is that people regard them virtually as toys. In the most striking example of this, one member of the Milwaukee 414 gang told the FBI man who finally tapped him on the shoulder, that he had not realised he was doing anything wrong.

Apart from these ambiguous areas, however, there are plenty of others where crimes are clearly being committed, and where it equally clearly pays. As far as the machinery and software was concerned, respondents felt that the worst crimes were destruction or alteration of data and software, followed by the theft of software or data.

Even more significantly, computers have also become great perpetrators of crime. They can be made to tell lies, to cheat and to rob with a subtlety and skill which has the ABA report waxing lyrical with horror:

"At the very least, the results of this survey support the proposition that the annual losses sustained by American business and government organisations as a result of computer crime are, by any measure, huge. If the annual losses attributable to computer crime sustained by the relatively small survey group are, conservatively estimated, in the range of half a billion dollars, then it takes little imagination to realise the magnitude of the annual losses *sustained on a nationwide basis.*"

> 'Government and business are not willing or are not capable of addressing computer crime prevention issues. In short, computer crime pays darn well.'

In this, the survey is echoing the dire warnings of some of its respondents. "Government and business are not willing or are incapable of addressing computer crime/prevention issues. In short, computer crime pays darn well," says one.

"The largest security exposure in the coming year will be the use of personal computers with the data residing on moveable floppy discs," says another. "Manufacturers must address this problem so that the systems have a uniqueness for each company."

Whether a specific new law is the right answer to the issue is now a matter of public debate—proposals for a legislative change have already been brought up in Congress, and will undoubtedly return.

For industry, however, the most immediate question is how to police a problem which can only grow. In the last three or four years, U.S. offices have crossed the rubicon in computerisation, as middle management has begun to grasp the possibilities of the desktop computer.

Of the 9m personal computers in use, well over 3m are in place in offices and they are now beginning to move onto the shop floor as well. This revolution is rapidly bringing computing power and knowledge out of the esoteric world of the secure computer room—there are reckoned to be around 70,000 mainframe computer centres in U.S. government and corporate offices—making the possibilities of crime that much more widespread as well.

"It would seem beyond dispute," says the report, "that computer crime is today a large and significant problem with enormous potential for becoming even larger and more significant."

## Duarte makes peace offer to El Salvador guerrillas

BY OUR UNITED NATIONS CORRESPONDENT

SR JOSE Napoleon Duarte, the President of El Salvador, made a dramatic peace offer yesterday to the guerrillas who have been fighting the government since 1979. He invited their leaders to meet him next Monday to discuss participation in the new democratic system and subsequent political elections.

Addressing the United Nations General Assembly, he also announced that he would ask the El Salvador Parliament to declare an amnesty in cases of political crime.

Sr Duarte strongly affirmed his Government's support for the Contadora peace process being promoted by Mexico, Venzuela, Colombia and Panama and he warned foreign powers against interfering in Central America.

"We Central Americans must not become tools for the political interests and ideologies of foreign powers and certainly not their mere instruments, which would betray the aspirations of our peoples," he said.

Sr Duarte said the guerrillas had lost support since the democratising of the country. He invited their leaders to come down, unarmed, from the hills and join him in the town of La Palma at 10 am next Monday in the presence of Church leaders, local citizens and

If they agreed, he would then discuss with them "their incorporation in our democracy" and new elections.

## Cuba 'preparing for attack by U.S.'

CUBA has been preparing its population for an invasion by the U.S. for the past two months, the New York Times said yesterday. AP reports from New York.

The preparations include staging large-scale evacuations and combat drills, building bomb shelters and having children dig trenches outside their schools, the newspaper said in a story from Havana.

It said that some diplomats were puzzled about why the preparations were being made, but that Cubans were saying they expected a victory by President Reagan in the November election would be followed by an American attack.

"We have never felt so threatened," the Times quoted Sr Jose Raul Viera Linares, acting Foreign Minister as saying.

## Argentine unions threaten strike over salaries code

BY JIMMY BURNS IN BUENOS AIRES

THE PROSPECT of a clash between both sides of industry over the Argentine Government's anti-inflation strategy *has increased* with the Peronist-controlled CGT union grouping reiterating its threat to strike in protest at new salary guidelines.

*At the same time,* the main employers' federation, the Union Industrial Argentina (UIA), accused the Government of dissuading investment by continuing to apply price controls on the majority of companies and by restricting credit at a time of high costs

The Government last week broke with its practice of automatically readjusting wages in line with inflation every month by decreeing that monthly salary increases should be held to 14 per cent for the rest of the year.

With economists already forecasting that the inflation rate this month will be similar to September's 24 per cent, the measures will almost certainly mean a further drop in real wages.

The government is promising catch-up increases over the next few months to provide some protection. But union leaders argue that the deferment will, in practice, violate the official pledge that salary increases in real terms in 1984 will be between 6 and 8 per cent.

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# TECHNOLOGY

EDITED BY ALAN CANE

# Brave faces after the software 'quake

BY LOUISE KEHOE IN SAN MATEO, CALIFORNIA

THE DUST is beginning to settle following IBM's announcement of its first major "home grown" software for its personal computer. IBM's package of 31 programs designed to address the full range of business personal computer applications shook the entire personal computer software industry. With its threat that IBM will no longer allow third party vendors to be the sole beneficiaries of the software market boom created by the success of the IBM personal Computer.

The immediate impact of the software "quake" was felt by current market leaders, Lotus Development and Ashton-Tate, whose stocks fell dramatically following the IBM announcement. But in the aftermath of the event both companies were quick to declare themselves undamaged and undaunted.

Initial fears that IBM would run rampant through the personal computer software business were somewhat aswaged when IBM invited industry participants to view the "business management series" and "personal decision series" programs.

Taking a position reminiscent of Apple computer's "welcome" to IBM when the computer giant first entered the personal computer market, Mitchell Kapor said that he does not expect his company's business to be impacted by IBM's software. He insists that IBM's programs are not competitive with Lotus 1-2-3 and Symphony.

"Business products will remain dominant personal computer software market," Mr Kapor claimed. The IBM products are aimed at a different audience, he believes. He sees the IBM business software as being suited to small business turnkey systems. "They are oriented to the situation where a consultant comes into a small business and computerises its operations. In contrast, Lotus offers a "high performance analytical system."

"On paper, it looks as if the IBM programs perform similar functions to Lotus 1-2-3," Mr Kapor conceeds. "But in practice, when a potential user compares 'plans edition' (and 'plans + edition') with Lotus 1-2-3 he will perceive that Lotus 1-2-3 is better suited to his needs. IBM's spread-sheet program is not fully interactive," says Mr Kapor. "It is really an adaptation of an old financial modelling program. It won't look right. It won't feel right to people wanting to perform 'what if' calculations and that will be very quickly recognised."

Ashton-Tate is equally confident. Mr Norman Block, chief financial officer, says that he is "not concerned that IBM's announcement will affect Ashton-Tate's sales." IBM's programs do not compete directly with "framework," Ashton-Tate's integrated business program. Nor are they directly comparable to D Base II, the company's very popular data management program, he claims.

The impact of IBM's personal computer offerings will largely depend upon whether the company is aggressive in marketing the products, suggests Mr Jeff Raikes, marketing director at Microsoft. In the past, IBM has not put much effort into selling its "own label" personal computer software, he feels.

IBM has sent out a signal that it intends to be a player in the software business but it is not entering virgin territory. The computer giant will face stiff competition from dominant market leaders, comments Lotus' Kapor. In the software market, Lotus' brand name recognition is more valuable than the IBM logo, he maintains.

Mr Raikes also raises the obvious question, how good are the IBM programs? While industry watchers assume that IBM's programs must be top rate, because they come from IBM, competitors are now questioning their appeal. The Business Management series and Personal Decision series are aimed at small and medium sized businesses as well as departments within large corporations. The Business Management series comprises a series of six accounting packages. The Personal Decision series has five application programs centred around a data base management system.

The Personal Decision series programs are an adaptation of software originally developed for use on the "Datamaster" system—a data management microcomputer launched by IBM in the 1970s. That system was not particularly successful and represents one of IBM's failed attempts to enter the personal computer business, Lotus, Ashton-Tate and Microsoft all point out.

Ashton-Tate also claims that the performance of IBM's personal decision series word processing, data management and spread sheet programs is inferior to those offered by his company. "We are in a different market. We offer high performance programs while theirs are designed for the low end of the market." IBM's prices are higher than Ashton-Tate's, he added.

Some of the industry's initial reactions to IBM's announcements were based upon a misunderstanding. Although IBM described the programs as a "software family to integrate business accounting programs with programs for building spreadsheets, creating reports and preparing graphs," the programs are not "integrated" in the same way as Lotus 1-2-3 or Framework which include several functions in one program. Instead, the IBM programs are modular in that they can share data files and have common commands. The argument becomes largely semantic, however, if the IBM programs are loaded into a high capacity hard disk so that they can be serially accessed, as IBM suggests.

IBM's recent introduction of "top-view" a windowing system that enables the new IBM PC AT model to run several programs concurrently in different "windows" on the computer screen further muddies the picture. Although current versions of the IBM business software are designed for use on the standard PC-DOS operating system (as used on all previous versions of the IBM PC) new versions for use with top-view will be available in January, IBM says.

But that does not worry Mitchell Kapor. "One of the reasons 1-2-3 sells so well is that it is highly optimised as a spreadsheet program. No method of integrating separate modules is going to be as good as 1-2-3," he claims. In any case, says the founder of the company that brought the first "integrated" personal computer program to market," we have all been somewhat misguided in thinking that integration is the key issue. The right combination of function and performance is more important."

Topview itself is a direct threat to companies that offer alternative "windowing" programs Microsoft, VisiCorp and Quarterdeck Office Systems have each announced their own windowing systems over the past year, none have been successful, however. Microsoft's "windows" has attracted considerable industry support from applications software companies, but Microsoft has failed to bring the product to market almost a year after its introduction.

While experts say that "windows" offers superior graphics capability, and many software firms would like to see it succeed, they hold out little hope.

Quarterdeck's "Disq" program has also been slow to catch on and the company is currently facing financial problems.

VisiCorp has drastically reduced the price of its Visi-On in an effort to boost sales, but the program will only work with VisiCorp's own applications programs and so far the company has failed to produce a full compliment of business applications for the system.

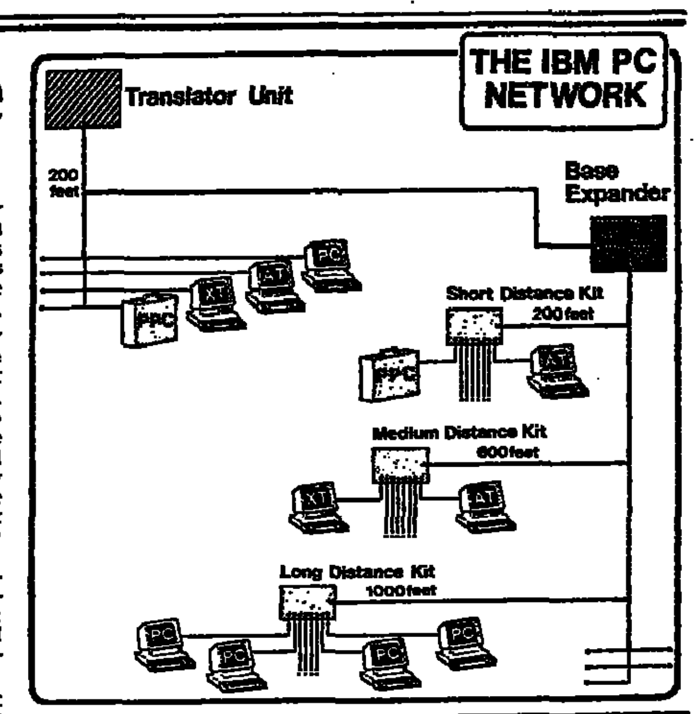
Now the way seems open for Topview to overtake the independent's windowing programs. "Topview means curtains for other windows," quips one industry analyst.

Underlying much of the concern raised by IBM's software introductions are industry fears that IBM may at some point change its "open architecture" approach to personal computers by introducing a proprietary operating system for the machines. This would stop computer makers emulating the IBM PC with machines capable of running the same application software.

Industry experts believe that Topview, which allows MS-DOS compatible and Unix-compatible programs to run on the IBM personal computer may be extended to include another, IBM-only operating system. IBM is, however, actively encouraging third party software vendors to develop programs that take full advantage of Topview's multitasking and windowing capabilities. IBM has also stated that it remains committed to an "open architecture" for the personal computer.

IBM's sheer size and financial strength make personal computer software and hardware competitors nervous. But IBM and third party vendors will continue to co-exist happily in the personal computer market, Mitchell Kapor predicts. "In general, competition is getting stiffer, the market is less forgiving. IBM's entry is going to make it more so," concludes Mitchell Kapor.



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| | Type | Speed | Installed First | No of installations UK | worldwide | Cost/mode |
|---|---|---|---|---|---|---|
| PC/Net | Proprietary | 1Mb | Feb '84 | 3,000 | 12,000 | £500 |
| Zynar/Nestar | Arcnet | 2.5Mb | Nov '83 | 600 | 1,500 | £500 |
| 3 COM | Ethernet | 10Mb | Mar '83 | 500 | 10,000 | £800 |
| Novelle | Proprietary | 0.5Mb | Aug '83 | 1,000 | 10,000 | £600 |
| HiNet | Proprietary | 0.5Mb | July '84 | 100 | — | £500 |
| Omninet | Proprietary | 1Mb | June '83 | 1,200 | 12,000 | £500 |
| Tonus | Ethernet | 10Mb | June '84 | 50 | — | £1,000 |

Source: Digitus



Materials

## Conductive plastics

STATIC electricity causes major problems in electronic components manufacture. Fragile electronic circuits etched on tiny pieces of silicon can be destroyed by such electric charges.

There are many means of lessening the risk of this happening. Uniroyal has introduced two conductive plastics which it says could save the electronics industry millions of pounds a year.

The plastics can be vacuum formed into various types of component holders and storage bins, for example. They can dissipate an electric charge before it causes damage to components. An electrostatic charge as little as 50 volts can destroy a silicon chip.

Development of the R83 and Ensolite CEC plastics were originally carried out in the U.S. but the products have now been adapted for the European market.

Mr Richard Dounell, general manager of Uniroyal's Plastics division in the UK, said that up to 70 per cent of makers' chips were damaged during assembly or manufacture. Static electricity often accounted for many of the failures.

In the U.S. protection against electrostatics costs the industry about $110m a year with 3M the leading company in supplying conductive plastics.

## The PC-AT and other Personal IBM computer matters

WHAT FOLLOWS is a condensed extract from a confidential memorandum prepared by Digitus, a leading microcomputer retailer, for its customers following IBM's launch of its PC-AT, its computer cluster and network and personal computer software:

"There were disappointments about the first PC, though not in the quality of engineering nor in the competitive pricing. IBM offered very low capacity diskettes (160K/320K) when, by then, the micro industry was using high capacity diskettes (1M), and starting to standardise on Winchester disks.

Similarly, there are some initial disappointments with the PC-AT. The chip has far greater power than is being harnessed by the DOS or by the available languages; there is a three-user restriction on Xenix; there is no tape streamer.

It is our professional opinion that the PC-AT is a strategic product, as is the move into networks with the PC-Network. The initial number of user restrictions placed on the Xenix offering on a machine that could comfortably support 6-8 users is an anomaly. IBM appears to be deliberately restricting the capability of the Xenix offering. We can only speculate as to its reasons.

First, the concept of the personal computer as the computer for one individual is deeply imbedded in IBM's thinking. This conflicts with the capability of a supermicrocomputer which can readily operate as a multi-user machine. A multi-user computer could also eat into the market for IBM's other small machines with consequent effects on manufacturing. It needs both (a) time to see how the market responds, and (b) if it responds well IBM can adjust production and also readily increase the user capacity of the PC Xenix products.

In the short term, just as with the PC, third-party vendors will provide enhanced PC-ATs with larger discs, expansion units to support up to 16 users, add-on memory, etc. Consequently, progressively during 1985 the artificial limitations should prove not to be limitations at all but opportunities for suppliers and buyers alike to benefit in a competitive marketplace.

Internally in IBM, the PC—which in its gestation period was regarded by many as a defensive product to protect IBM's customer base — has grown to be a product of strategic importance. Not only is IBM pursuing a share of the new markets created by the micro; they seem to have revised production and marketing plans to incorporate PC-based products in practically all their major divisions. Product evidence of these developments has come in the form of the PC-370 and the 3270-PC. These are surely only the tip of the iceberg.

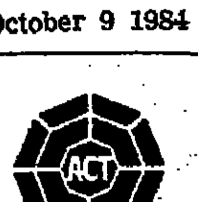
The PC has become the basis of IBM's office workstation products and the extension of the PC family with the AT, Xenix and a LAN suggest substantial developments in future offerings for the office automation marketplace.











**Peter Marsh** and **David Marsh** explain the background to Peking's long search for partners in broadcasting technology

# China looks to satellite network for blanket television coverage

THE IMMINENT award by the Chinese Government of contracts to supply the country with direct-broadcasting television satellites marks the beginning of the end of a long search by China's leaders to find suitable overseas partners in this technology.

For several years, engineers from the country's Ministry of Aeronautics and Academy of Space Technology have toured foreign exhibitions and the factories of Western aerospace companies to see what was on offer.

A few years ago, MBB of West Germany was confident of gaining an order. But then China appeared to go lukewarm on the idea of asking overseas companies to supply the satellites. The word went around that China was interested in developing the hardware itself, to follow the country's efforts in producing experimental satellites for communications, military and scientific work.

As it turned out, MBB, is among the four companies on the Chinese Government's short-list of contenders to supply TV satellites. The others are Matra of France and Ford and RCA of the U.S.

The companies are due to submit detailed bids to the Chinese by the end of the year, ready for the award of a contract by early in 1985 for the first pair of four TV satellites.

China wants a TV broadcasting system to channel education to its 1bn population. The country's leaders think educational TV programmes, supplemented by written material, could help produce a resilient and knowledgeable new generation of Chinese.

A satellite TV network which transmits to roof-top aerials from outer space is much cheaper to set up than an equivalent system of ground-based antennas.

A space network thus gives China a chance to propel itself into the TV age without the conventional difficulties. The country's existing TV system, transmitted with ground antennae, is not well developed outside the big cities.

A major problem is the mountainous nature of much of the country which makes installation of earth-based antennas that much more difficult.

Not surprisingly, Western aerospace companies have eyed China for some years as a promising market for the kind of TV satellites that several Western nations, the U.S., France, West Germany and Britain for example, plan to inject into orbit over the next few years.

The choice of launch vehicle for the first two satellites presents the Chinese Government with a dilemma. It has placed reservations with Western Europe's Ariane rocket but has not confirmed its order.

Industry observers believe, however, that the U.S. space shuttle has a better chance of landing the launch contract. As a result of negotiations involving the Pentagon, it is believed that the Chinese will favour the shuttle in exchange for helping the U.S. in areas of military work.

To place an order with the shuttle would also seal the political rapprochement between the two countries. Ideally, however, it is believed the Chinese would like to launch one satellite on Ariane and the other on the shuttle.

According to sources in the aerospace industry, China plans to inject into space the third satellite of the series with its own rocket, the Long March 3. This would be a prelude to commercialising the rocket to form a competitor to Ariane and the space shuttle.

Commercialisation of Long March 3 would present problems. The rockets are at present under the control of military officers.

The Long March 3 vehicle proved its worth earlier this year when it placed into orbit China's first geostationary satellite. Such craft hover in space some 36,000 km above the earth. This orbit will act as home for the satellites in China's TV network.

Comsat, the U.S. company acting as a consultant to the Chinese Government over the satellite network, is interested in providing ground equipment such as earth stations. Australian companies have also presented a case as suitable suppliers of similar equipment.

The companies on the Chinese Government's shortlist are in some cases teamed up with other groups that would obtain a share of any orders.

For example, the French state-controlled Matra is teamed with British Aerospace and Alcatel-Thomson, also of France. MBB is linked with Aerospatiale of France and with the Franco-German-Belgian satellite group Eurosatellite.

The French Government is worried at the prospect of two French companies being involved in bids for the same deal. M Hubert Curien, France's Research Minister and former head of the country's space agency, would like the two groups to join forces.

But an Aerospatiale official said the Chinese order is the most important prospective deal in the offing and there is no likelihood that the two companies would pool resources in joint bids.

China has already signed several contracts with overseas companies in space technology. It has placed orders worth $28m with Spar, the Canadian aerospace company, for ground terminals for use with the Intelsat satellite-telecommunications network. The country has also bought U.S. equipment to receive signals from the American Landsat earth-mapping satellites.

In a remarkable agreement with Italy, space engineers have moved a disused Italian satellite called Sirio thousands of kilometres around the geostationary orbit. After the Italians realised they no longer wanted the vehicle, they permitted it to be repositioned over China where it is acting as a relay point in space for test signals sent by Chinese technicians.

## Taiwan drops $5m Alcoa plan

By Robert King in Taipei

**TAIWAN has abandoned a proposed $5m (£4.03m) joint venture with Alcoa of the U.S. after Taiwanese negotiators failed to agree to major conditions sought by the company.**

**The joint venture, under discussion since March 1983, called for Alcoa to take over and operate the Taiwan Aluminum Corporation's (Talco) smelter to produce ingots for Talco's downstream fabrication facilities. It also called for Alcoa to inject $5m into the company initially and $20m more over several years.**

**But the Taiwanese would not agree to Alcoa's demands for guaranteed lower electricity rates and protection against competition from imported ingots—the only way the U.S. company felt it would operate the smelter profitably.**

**At the end of last month the Taiwanese set deadlines for finalising the agreement. "Alcoa put what it felt was its best offer on the table, but Talco wouldn't accept it," said a source close to the negotiations.**

**As a result, the future of loss-ridden Talco has been thrown into doubt. The state-run company has lost millions of dollars annually in recent years as high power costs plus sagging international prices for ingots ate into its meagre revenue.**

**Aluminium smelting requires huge amounts of electricity and Taiwan's commercial rates rank among the world's highest. Further, ingot prices are hovering around $1,000 per metric tonne today compared with about $1,500 in mid-1981.**

## E. Germany and USSR sign 15-year co-operation pact

BY LESLIE COLITT IN BERLIN

THE SOVIET UNION and East Germany, which are each other's most important trading partners have signed a 15-year agreement on co-operation in production, technology and science which is to make East Germany an even more important supplier of advanced technology and consumer goods for the Soviet economy. Their bilateral trade this year is worth Roubles 14bn (£13.08bn).

The agreement stipulates that East Germany, in order to receive continued deliveries of oil, gas and raw materials from the Soviet Union, is to make the necessary investments to reconstruct and modernise its industries to produce and deliver the products needed by the Soviet economy.

These were listed as high quality industrial consumer goods, specific materials and chemical products, modern, highly productive machinery and industrial equipment of the highest international level.

In addition, East Germany is to continue investing in the Soviet oil and natural gas industries as well as in other extractive sectors. The accord does not say that Moscow will guarantee specific quantities of fuels and raw materials as have been called for by East Germany and the other Comecon countries.

East Germany and the Soviet Union are also to co-operate in the production of foodstuffs, an area in which the Soviets again will receive the greater benefit.

The agreement, signed by the Soviet Foreign Minister Mr Andrei Gromyko and East Germany's leader Herr Erich Honecker, says both sides will jointly work to develop the mechanical engineering, metal-working and microelectronic industries with special emphasis on data processing and the production of electronic components and microprocessors.

## Canada awarded contracts for electrical equipment

TWO CANADIAN companies have been awarded contracts for electrical equipment to China. The contract awards were announced during the visit of M Rene Levesque, the Quebec Premier to Peking, **our Trade Staff writes.**

Asea, a Montreal-based unit of the Swedish concern, was awarded a C$5.5m (£3.37m) contract for electrical equipment to be manufactured at its Quebec plant.

In addition, Cegelec Industrie was awarded a C$4.1m contract for high-tension electrical equipment. Cegelec is a joint venture of Societe Generale de Financement du Quebec, a provincial Government agency, and CGEE-Alsthom of France.

Financing for both sales will be provided by the Canadian Export Development Corporation.

M Levesque said his Government would open a representative office here in two months to promote trade with Hong Kong and China.

## China to build NEC computers

NEC Corporation, Japan's largest telecommunications manufacturer, announced yesterday that it is negotiating to produce personal computers in China, **writes Jurek Martin.**

Details of the plan have yet to be worked out, but the company is apparently thinking of assembling knock-down kits in China rather than entering into a joint venture.

NEC would be the first Japanese company to manufacture personal computers in China. Other indsutry leaders such as IBM Japan and Hitachi have concentrated on direct export of computers to China.

## Hong Kong to build second harbour tunnel

FINANCIAL TIMES REPORTER

A SECOND cross harbour tunnel will be built in Hong Kong, the Government office has announced. It will link Quarry Bay on the northern side of Hong Kong Island and Cha Kwo Ling on the Kowloon Peninsula on the mainland.

The eastern harbour crossing, as it will be known, will have at least two lanes in each direction and will ease the existing cross harbour tunnel traffic.

The formal announcement inviting developers to submit proposals for the construction, financing and operation of the tunnel was made at the weekend.

The existing tunnel linking Hong Kong Island with Kowloon was opened in 1972 and cost HK$320m (£32m). British consulting firms, Scott Wilson Kirkpatrick, and Freeman Fox, have been appointed consulting engineers and Costain International of London were among the main contractors involved in the building of the existing tunnel.

## Piaggio to set up Indian joint venture scooter plant

BY JAMES BUXTON IN ROME

PIAGGIO the leading Italian maker of Mopeds scooters and three-wheelers, has secured a joint venture to produce scooters and three wheelers in India.

It is to set up a plant in Uttar Pradesh to build 200,000 Vespa scooters per year and 50,000 three-wheelers. It will own 28 per cent of the joint venture, which is with the private sector company Lohia Machine.

Piaggio scooters are already made under licence in India. With the new joint venture the Genoa-based company expects to sell components worth $150m (£121m) to India. The new plant will come on stream in 1986.

India is one of the world's biggest and fastest growing markets for scooters and three-wheelers, thanks to the decision of the Indian Government earlier in the decade to allow foreign companies to manufacture under licence there.

Piaggio claims that 2m people reserved Vespa scooters in one month when it first went on sale there. The company is facing competition from major scooter manufacturers such as Honda, Kawasaki and Peugeot, but supply falls well short of demand in the Indian market.

Piaggio is also setting up a joint venture to produce scooters in Brazil in collaboration with the Caloi group. It will produce 30,000-40,000 scooters a year and start operating next year.

Piaggio, which has had poor financial results in the past few years, partly because of the stagnation of the Italian market, is looking to joint venture projects in developing countries for its future expansion.

● One of Italy's leading bus manufacturers, state-controlled Inbus, will supply technology and machinery to renovate two Chinese bus plants, AP-DJ reports from Rome. Inbus is to supply machinery for the renovation of two of China's ten bus manufacturing centres, in a contract worth some L12bn (£5.1m).

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 10½% | ■ Hill Samuel | §10½% |
| Allied Irish Bank | 10½% | C. Hoare & Co. | †10½% |
| Amro Bank | 10½% | Hongkong & Shanghai | 10½% |
| Henry Ansbacher | 10½% | Kingsnorth Trust Ltd. | 10 % |
| Arinco Trust Ltd. | 11 % | Knowsley & Co. Ltd. | 11 % |
| Associates Cap. Corp. | 10½% | Lloyds Bank | 10½% |
| Banco de Bilbao | 10½% | Mallinhall Limited | 10½% |
| Bank Hapoalim | 10½% | Edward Manson & Co. | 11½% |
| BCCI | 10½% | Meghraj and Sons Ltd. | 10½% |
| Bank of Ireland | 10½% | Midland Bank | 10½% |
| Bank of Cyprus | 10½% | ■ Morgan Grenfell | 10½% |
| Bank of India | 10½% | National Bk. of Kuwait | 10½% |
| Bank of Scotland | 10½% | National Girobank | 10½% |
| Banque Belge Ltd. | 10½% | National Westminster | 10½% |
| Barclays Bank | 10½% | Norwich Gen. Tst. | 10½% |
| Beneficial Trust Ltd. | 11½% | People's Tst. & Sv. Ltd. | 12 % |
| Brit. Bank of Mid. East | 10½% | R. Raphael & Sons | 10½% |
| ■ Brown Shipley | 10½% | P. S. Refson & Co. | 10½% |
| CL Bank Nederland | 10½% | Roxburghe Guarantee | 11½% |
| Canada Permn't Trust | 10½% | Royal Bk. of Scotland | 10½% |
| Cayzer Ltd. | 10½% | Royal Trust Co. Canada | 10½% |
| Cedar Holdings | 11 % | ■ J Henry Schroder Wagg | 10½% |
| ■ Charterhouse Japhet | 10½% | Standard Chartered | ‖10½% |
| Choulartons | 11½% | Trade Dev. Bank | 10½% |
| Citibank NA | 10½% | TCB | 10½% |
| Citibank Savings | ‡11½% | Trustee Savings Bank | 10½% |
| Clydesdale Bank | 10½% | United Bank of Kuwait | 10½% |
| C. E. Coates & Co. Ltd. | 11½% | United Mizrahi Bank | 10½% |
| Comm. Bk. N. East | 10½% | Volkskas Limited | 10½% |
| Consolidated Credits | 10½% | Westpac Banking Corp. | 10½% |
| Co-operative Bank | *10½% | Whiteaway Laidlaw | 11 % |
| The Cyprus Popular Bk. | 10½% | Williams & Glyn's | 10½% |
| Dunbar & Co. Ltd. | 10½% | Wintrust Secs. Ltd. | 10½% |
| Duncan Lawrie | 10½% | Yorkshire Bank | 10½% |
| E. T. Trust | 11 % | | |
| Exeter Trust Ltd. | 11 % | | |
| First Nat. Fin. Corp. | 13 % | | |
| First Nat. Secs. Ltd. | 12 % | | |
| ■ Robert Fleming & Co. | 10½% | | |
| Robert Fraser | 11 % | | |
| Grindlays Bank | ‡10½% | | |
| ■ Guinness Mahon | 10½% | | |
| ■ Hambros Bank | 10½% | | |
| Heritable & Gen. Trust | 10½% | | |

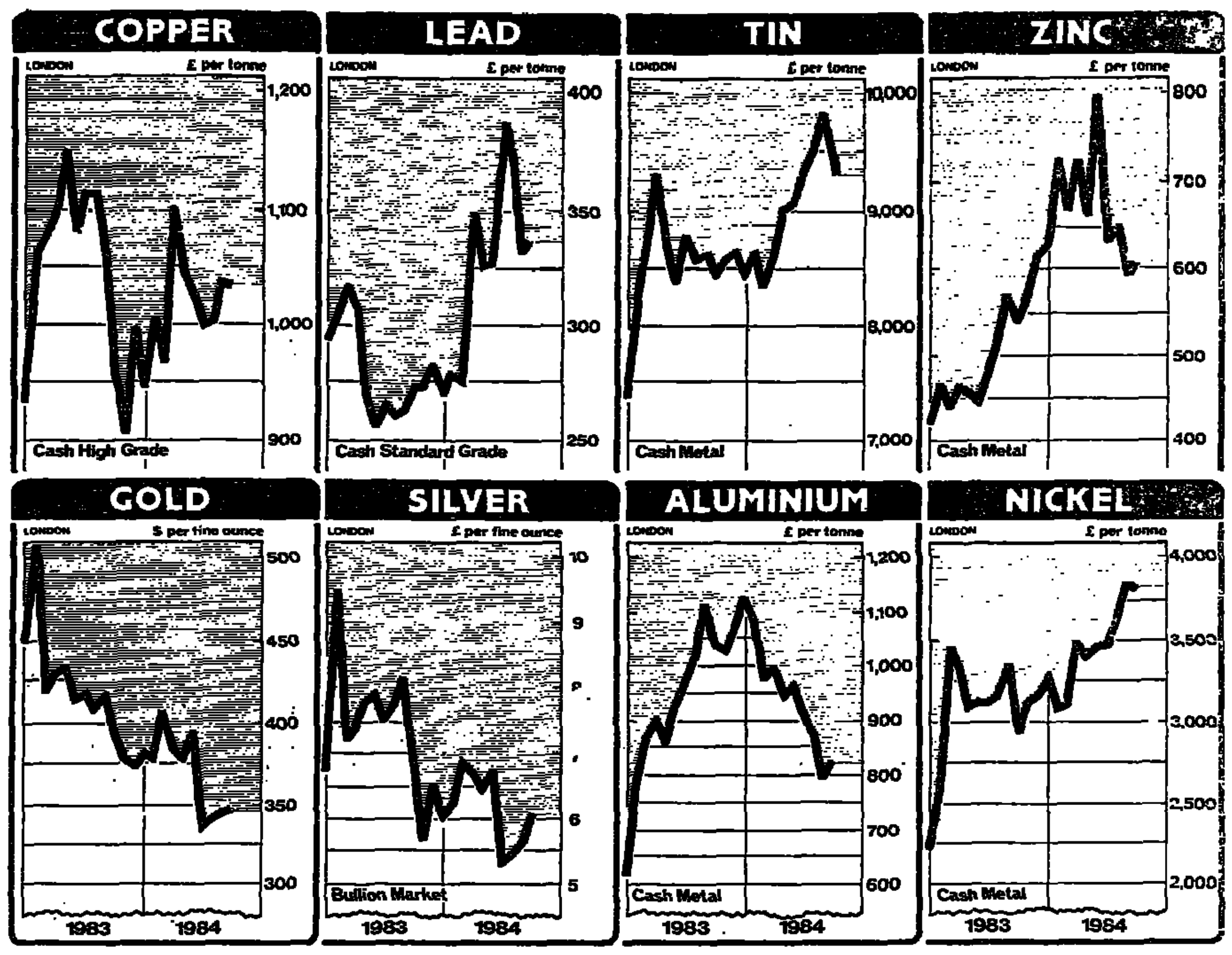
■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%. 1 month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000. 12 months 10.00%.
† 7 day deposits on sums of under £10,000 7¼%. £10,000 up to £50,000 8%. £50,000 and over 8½%.
‡ Call deposits £1,000 and over 7½%.
§ 21-day deposits over £1,000 8½%.
‖ Demand deposits 7¼%.
¶ Mortgage base rate.

# FINANCIAL TIMES SURVEY

Tuesday October 9 1984

# Metals

It has been another disappointing year for producers, with prices failing to respond to lower stock levels and consumption growing less than expected. Prospects are clouded by uncertainty over U.S. economic policy until after the Presidential election.




## Held back by strong dollar

**By John Edwards**

*Commodities Editor*

THE PAST YEAR has been a great disappointment for most metal producers and traders. The high fliers of 1983 — aluminium and zinc — came back down to earth with a bump, while other metals failed to get airborne.

Generally the metal markets were held back by the unexpected strength of the U.S. dollar against other currencies and the relatively high interest rates when compared with inflation in the industrialised world. This stifled speculative interest in the markets while at the same time encouraging consumers to hold down stock levels and rely on buying on a hand-to-mouth basis.

Particlarly disappointing was the development of the mid-year blues when sagging demand during the summer months undermined confidence in most markets and cast doubts on the prospects for 1985. So far that confidence has not been restored.

The markets are still nervously waiting for the U.S. Presidential election to be resolved and for further signs to emerge of the future likely economic policy to be adopted by the Administration.

Will the interest rate squeeze be tightened or will measures be taken to stimulate the American economy? Certainly the increase so far in capital investment in plant and machinery, essential to the well-being of many metal markets, has failed to emerge strongly enough to provoke the kind of upsurge in prices predicted earlier this year.

Surplus stocks, especially those held in the London Metal Exchange warehouses, have come down sharply, however. Especially in the case of copper where LME warehouse holdings were at a five-year peak of nearly 436,000 tonnes at the beginning of January and are now below 160,000 tonnes.

### Holdings

Lead stocks fell during the same period from 176,000 to about 55,000 tonnes—the lowest level since 1981—and warehouse holdings of zinc have halved during the past year to the lowest point for nine years.

However in recent weeks the decline in world stocks has slowed down, or even been reversed, reflecting a bigger than expected drop in consumption. Zinc producers, for example, have been foced to cut prices and output after a period of scarcity when they were operating at full capacity producing as much as possible.

It is a similar story in aluminium, copper and lead. After the surge in prices last year, aluminium producers who had restored earlier output cuts in an effort to meet booming demand, began to realise they had overdone it.

Surplus stocks built up as prices declined sharply. Now the aluminium producers have been busy in reducing output again, but so far this has failed to stimulate prices much since the production cuts have been more than matched by declining consumption.

Lead prices have also come back sharply in spite of prolonged strikes in the Missouri mines and smelters that provide the bulk of U.S. production and stoppages in other lead plants in Australia and Canada. Stocks have started rising again reflecting the lack of demand, with battery manufacturers apparently playing a waiting game this year before committing themselves to purchase their normal supplies to cover the winter period.

Copper prices recently fell to the lowest levels for two years on the New York Commodity Exchange (Comex) in spite of huge cuts by North American producers, many of whom may not survive.

President Reagan's decision not to impose restrictions on copper imports, against the recommendation of the International Trade Commission in Washington finding that material harm was being done to the domestic copper industry, could prove the deathknell for many U.S. producers. United States copper producers simply cannot compete these days, because of the low grade ores and much higher costs than their overseas competitors, many of whom are more concerned with foreign exchange earnings than price levels. The reaction of copper producers to depressed prices has been to step up output where possible hoping increased volume in sales would compensate for decreased value.

Chile, for example, which is now the world's biggest producer and exporter of copper, having based its budget on a price of 75 cents a pound has been forced to revise its estimates, and devalue its currency substantially, as a result of copper prices falling below 60 cents a pound.

The U.S. Administration has been urged by Congress to hold talks with other copper producing countries to try to agree some form of voluntary output cuts in view of its decision not to restrict imports.

### Remote

However, the prospect of any effective voluntary agreement emerging seems remote. Copper is too important a source of income for many developing countries and they will see little reason why they should bail out the high-cost U.S. industry, particularly since over the years the U.S. has consistently blocked efforts to negotiate an international copper agreement aimed at stabilising prices.

It seems quite possible therefore, that a large part of the U.S. copper producing industry will be closed permanently, especially as producers face spending large sums on converting their plants to meet strict environmental standards. Like the U.S. zinc producers in the 1970s, they may decide the investment is not worth it.

This will leave the industrialised world even more dependent on supplies from developing countries, whose state-controlled producers have shown little inclination so far to be flexible in matching supply to demand.

The failure of developing countries to cut output has been the major factor undermining the copper market, although it is easy to see why bearing in mind the desperate need for foreign exchange earnings to help meet debt repayments in the Third World.

The "mating" season, when copper producers and consumers negotiated supply contracts for the following year, has already started in an atmosphere of considerable uncertainty. The huge cutbacks in North American production, and the worldwide shortage of concentrates (the raw material used by smelters to produce refined copper) suggests that prices should start to move up strongly in the months ahead.

However demand is the real key to prices, and the behaviour of the market at present indicates a lack of confidence about consumption prospects next year. The long-term outlook certainly is unpromising with substitution by alternative materials, such as plastics and carbon fibres, continuing to eat into copper's main outlets.

The short-term prospects are more positive. If consumption does pick up, as hoped, once the U.S. Presidential election is settled, then at least a temporary shortage of supplies could develop. Surplus stocks have been reduced considerably during the past year, and production cuts would take some time to be restored, even if prices moved substantially higher.

Much would depend, however, on the strength of demand and whether it is supplemented by speculative buying support. At present, speculators in the main prefer to invest in the dollar rather than metals, as illustrated by the lack-lustre performance of gold. It would

CONTINUED ON NEXT PAGE

### Contents

# Wrong estimates burden producers

## Consumption

DANIELLE DONOUGHER

AS ECONOMISTS look at the slowdown in the rate of growth in the U.S. economy, and begin to talk of the end of the recovery, many in the base metals industries are still asking themselves, what recovery?

While in many of the Western industrialised countries, industrial production has recovered significantly, metal consumption often has not responded — in Western Europe in 1983 copper consumption was still falling in all but the UK.

Even where metal consumption has improved, the benefits of that improvement often have not been felt by the metal producers themselves. A 7.5 per cent increase in copper consumption in the U.S. in 1983 did not prevent a continuation of cutbacks throughout the industry, nor did it give copper prices anything like the boost the producers had been desparately hoping for.

Many of the causes of this situation lie on the supply side of the equation. The proliferation of metal producers around the world — often in less developed countries where metal production provides the *major if not the only source* of hard currency income — has been a disturbing influence in both copper and aluminium and to a lesser extent in nickel.

In addition, the anticipation of the recovery caused many producers to increase output to *a far greater extent* than was ever justified by actual increases in consumption.

Stretching even further back, *projected growth rates in* consumption made in the 1960s and 1970s meant that many new projects were coming on stream just at the time when the market needed them least. Despite the depressd prices, projects were brought on stream, contributing further to the situation of oversupply.

### Estimates

How did the producers manage to get their estimates of consumption so badly wrong? There is no doubt that as far as base metals consumption is concerned, there has been a qualitative change in the relationship between overall economic growth and metal consumption. The simple equation can no longer be made — economic growth cannot be translated automatically into an increase in metal offtake.

The recession itself has been a factor encouraging downstream manufacturers to look closely at ways of cutting costs, *through higher recycling rates*, and by reducing the quantities of metal used per unit through improved technology and *increased efficiency. The metals* have increasingly come into competition with one another—the battle between copper and aluminium in the electrical cable business was only the most dramatic example of a whole host of conflicts in which *one metal's gain has been* another metal's loss.

And of course, there has been the relentless tide of competition from other materials, such as plastics, optical fibres and ceramics, which have continued to nibble away at, and in some cases torn great chunks out of, traditional metal-consuming markets.

All this adds up to a situation in which, after two years of generalised economic recovery, metals consumption this year will still lag some considerable way behind the peak consumption years of 1978-79.

Western world copper consumption, for example, totalled 7.4 million tonnes in 1979. Consumption *this year is* expected to increase by some 6.5 per cent, but even this solid performance will leave 1984 consumption, at around 7.2m tonnes, nearly 3 per cent below the 1979 level.

The situation is similar if not *quite so bad for aluminium.* Aluminium consumption in the West peaked in 1979 at 12.15m tonnes — in 1983 consumption *rose by a healthy 10 per cent* but still reached only 12m tonnes. Zinc consumption in *1983 was just over 4.5m tonnes*, compared with well over 6m tonnes in 1979, while lead consumption in 1983 was 3.8m tonnes, compared with 5.5m in 1979.

The outlook is not all depressing. Consumption levels for most metals are continuing to *improve. Nickel, for example*, has benefited this year from a strong upturn in European stainless steel production. In some areas there is an encouraging return to the use of traditional materials away from the modern competitors, such as the use of copper and lead sheet in building applications.

But these few encouraging *signs are unlikely to change the* overall picture of an industry with growth rates much reduced from the optimistic *projections of the 1970s, and* one whose major battles for market shares are yet to be fought.

A major threat facing the copper industry continues to be that of competition from optical fibres. Within only the last few weeks, Cable and Wireless announced the latest venture in this field with its plan to lay two cables across the Atlantic, to be in service within the next ten years.

### Rush

In developed countries, the electrical equipment sector *currently accounts for about 50 per* cent of total copper consumption, but DMB Research estimates that over the next ten years the industry will lose as much as 5m tonnes of copper sales to this new competition, and in addition will be faced with some 1m tonnes arising from scrapped copper cables.

Aluminium consumption has fared better than most, being more closely related to consumer durable spending than the capital intensive sectors. But just as it was among the first to benefit from the recovery, so it will be among the first to feel the effects of the slowdown.

Construction, transport and packaging account for the bulk of aluminium consumption, and although in the first two sectors, the intensity of aluminium use is still growing because of its unique combination of characteristics of high strength, lightness and resistance to corrosion, in the third sector, aluminium is under continuing competition from various forms of plastics.

Lead is another metal whose *traditional markets are under* threat—the current rush in Europe towards the introduction of unleaded petrol will *probably not be followed in the* less developed countries of the world for some time, but the change will none the less make *a serious dent in the already* battered lead consumption figures.

There remain, of course, potentially enormous and so far almost untapped markets for base metals—the economies of the less-developed countries of the world, and in particular those of China and the Soviet bloc.

It has long been hoped that the leap by these countries into an industrialised era would signal the next round of strong growth in metal consumption. So far it has not happened—the oil crisis, the debt crisis, the strong dollar and continuing high interest rates have all conspired against it. But many believe it will still take place—China alone has a stated goal of quadrupling its gross national product by the year 2000.

Although China produces many metals in substantial quantities, implementation of such a plan would no doubt require large quantities to be imported, which could have profound effects on a number of non-ferrous-metal markets.

Indeed, it has been said that if China were to proceed with a plan to introduce electricity into all its far-flung villages the requirement for copper cable could revolutionise world copper consumption almost overnight.

However, some analysts suggest that the huge advance in Third World consumption will not now happen on anything like the scale once hoped for.

They maintain that when the developing world is ready and able to achieve substantial growth, it will move straight to the technologies of the electronic era, by-passing the stages of high base metals consumption which characterised the historic development of the Western economies. Time alone will tell.

# Raw material prices fail to rise

## Production

GEORGE MILLING-STANLEY

FOR AN uncomfortably long time now, the main news about base metal production has been of cuts and closures, temporary or otherwise. This has been especially true of North America, which has borne the brunt of the capacity of reductions made necessary by the prolonged recession.

The situation has not brightened appreciably since the U.S. economy turned upwards again, and the recovery began to spread to the other leading industrialised countries.

The upturn was led by a boom in consumer spending, which is not much good to the metal industries, and even the onset of increases in spending on capital goods, which might normally be expected to lead to a resurgence in the traditional "metal-bashing" industries, has not brought higher raw material prices.

Capital spending statistics, it has been suggested, are being inflated right now by the rapid expansion of computers in the workplace, rather than by any real growth in the heavy industries, and apart from signs of a revival in the motor industry, there is little evidence of any significant recovery in demand for metals.

It is widely known that metals are generally one of the last sectors to turn upwards after a recession, but some commentators now believe that the world is approaching another cyclical downturn quite rapidly.

According to this scenario, any rally in metal prices is likely to be short-lived, especially if the next downturn in economic activity is anywhere near as severe as the last.

The problems of the copper mining industry have attracted most attention over the past couple of years, and this metal serves as a useful case study of the general difficulties the world's base metal producers have been labouring under, even though the other major metals have not been hit as hard.

The statistics from North America are horrifying. The U.S. copper industry reduced its production by about a quarter in 1982, and again by almost one-tenth last year. There is likely to be little overall change this year, as additional reductions have been balanced by some reopenings elsewhere in the U.S.

Canada cut its output by more than 10 per cent in 1982, and broadly maintained that reduced level of production last year.

### Offset

These reductions might have been expected to have a dramatic impact on world production, and thus on stock levels and prices, but that has not been the case.

Overall, Western world copper production has fallen only from 6.5m tonnes in 1981 to 6.3m tonnes in 1982 and 6.2m tonnes last year, as the massive cuts in the U.S. and Canada were largely offset by increases in production elsewhere, mostly in the developing countries.

Chile has been put forward as the leading villain of the piece by a number of chairmen of North American copper mining groups, with Zambia, Zaire and Peru generally cited as lesser villains.

The argument runs that the *North American producers have* followed the path of economic rectitude and allowed the market place to determine how much copper should be produced, while the developing countries have been producing as much copper as they possibly could to maximise their hard currency earnings, and also to keep their unruly populations quiet by maintaining and even increasing employment levels.

The developing countries have even been accused of devaluing their currencies simply to be able to undercut North American suppliers.

The other side of this argument is that the developing countries can still produce copper for a narrow profit even at prices which are at their lowest levels for half a century, and that U.S. producers in particular are suffering from a three-pronged attack which is not of the Third World's making.

Apart from the recession, which has cut demand, U.S. copper mines are generally lower-grade than their counterparts in the developing countries, and their operating costs have been inflated by the exceptional strength of the domestic currency.

In any event, it is unfair to bracket Zaire, Zambia and Peru with Chile, as all three have effected slight reductions in their production of copper over the last three years.

The argument continues, but President Reagan has dealt his domestic copper producers a severe blow by refusing to follow advice to the effect that he should limit imports of the *metal to protect the home industry.*

Chile cemented its position as the world's number one copper producer last year, after overtaking the U.S. in 1982, and looks set to grow even further, with the big new La Escondida development expected to come on stream in 1988 with an annual output of a 250,000 tonnes.

Meanwhile, North America's copper mines are still suffering, with something like 40 per cent of U.S. capacity out of action and over 18,000 miners out of work. Reports of further closures are still coming in, and there have been suggestions that the bulk of the mines which are currently idle may never reopen.

### Idle

Something like 40 mines in North America are currently either closed or suffering big reductions in output, and this took about 800,000 tonnes out of world production last year.

This idle capacity is also casting a gloom over the outlook. Copper demand is still cyclical, it has to be assumed, which implies that there will be an upturn at some point, but prices are unlikely to rise very far while there is so much surplus mining capacity in the world.

The position has been similar in the nickel industry for the past couple of years, with a sort of trade war being waged between the private enterprise producers such as Falconbridge and Inco in Canada and Western Mining in Australia on the one hand and the state-supported groups in the developing countries on the other.

Permanent closures have succeeded in reducing mine capacity by something like 13 per cent while the market was in the doldrums, but the position has brightened somewhat now, so that it looks as though perhaps as much as 80 per cent of this reduced capacity will be utilised this year.

That suggests the production of about half a million pounds of nickel.

Lead and zinc also suffered badly until the beginning of this year, but both seem now to be set on a recovery trend, at least as far as demand is concerned. Prices have fluctuated, violently in the case of zinc, but remain at levels which many producers find unsatisfactory.

The present structure of the tin market presents something of a mirror image to that of copper.

The six producing members of the International Tin Agreement are developing countries, with the sole exception of Australia, but it is they who have adopted the path of allowing market forces to dictate production levels. All are still imposing rigorous constraints on production and permitted stock levels in an attempt to prop up the metal price, which would have fallen far lower without their efforts.

In the meantime, those tin-consuming members which are also producers of the metal are taking advantage of the price-support operations and raising their output to ever higher levels. *The UK is a prime* example of this, through the operations of such companies as Geevor Tin in Cornwall.

WESTERN WORLD SUPPLY/DEMAND BALANCE

| (000 tonnes) | 1980 | 1981 | 1982 | 1983 | 1984* | 1985* | 1986* |
|---|---|---|---|---|---|---|---|
| Mine production | 6,042 | 6,487 | 6,300 | 6,250 | 6,150 | 6,350 | 6,450 |
| Concentrate and anode net exports to Socialist countries | 144 | 140 | 143 | 85 | 50 | 50 | 100 |
| Total refined production | 7,043 | 7,358 | 7,151 | 7,312 | 7,300 | 7,340 | 7,415 |
| Total primary production | 5,842 | 6,253 | 6,029 | 6,106 | 6,125 | 6,140 | 6,190 |
| Total secondary production | 1,201 | 1,105 | 1,122 | 1,206 | 1,175 | 1,200 | 1,225 |
| Refined consumption | 7,040 | 7,205 | 6,675 | 6,795 | 7,350 | 7,500 | 7,500 |
| Net refined imports from (exports to) Socialist countries | 41 | 53 | 37 | (349) | (120) | (150) | (150) |
| Implied metal stock increase (decrease) | 43 | 208 | 511 | 167 | (170) | (310) | (235) |

* Forecast

Source: Shearson Lehman/American Express





# Held back by strong dollar

CONTINUED FROM PREVIOUS PAGE

need a setback for the dollar, and lower interest rates, to change that point of view.

*Much the same scenario* applies to the other metals. Surplus stocks are generally at a low level, after a year when demand has outstripped production even though consumption has not been as high as expected.

An exception, as *usual, is tin.* Here prices have been held up artificially high by continuous support buying by the buffer stock of the International Tin Agreement. This has resulted in sterling prices of tin reaching a record level at a time when there is a huge surplus of supplies and weak demand.

The "floor" and "ceiling" price ranges set by the International Tin Agreement, which the buffer stock is pledged to defend, are based on the Straits tin price in Malaysia quoted in Malaysian ringitts, which are linked to the U.S. dollar. Therefore, as the value of sterling has sunk against the dollar, the buffer stock has been obliged to push London prices higher and higher to stop them under*mining the Malaysian market.*

An important development is the decision by Malaysia to scrap the old system whereby the Straits tin price was decided daily by the two smelters in Penang using a complicated formula based on their intake of concentrates and offers made.

From October 1 this peculiar system has been replaced by a more conventional Kuala Lumpur tin market (KLTM), where normal buying and *selling* is permitted. In the early stages, however, because of the depressed state of the market, Malaysia has decided to confine trading on the KLTM solely to Malaysian—produced tin and the buffer stock is likely to remain the main trader.

Whether this will work better remains to be seen. However, for the moment Malaysia's plans to introduce a Kuala Lumpur tin futures market have been postponed, while the physical market finds its feet and confidence is restored after the palm oil futures debacle that hit the Kuala Lumpur Commodities Exchange earlier this year.

London traders wonder whether the Malaysian tin futures market will ever see the light of day, bearing in mind *the problems facing the Kuala* Lumpur Exchange and the likelihood that tin prices will be locked in a fairly narrow range for some time overshadowed by the huge surplus holdings locked away in the buffer stock.

*There are also some doubts* about the future of the London gold futures market, jointly sponsored by the London Metal Exchange and the London bullion brokers. In spite of the switch to a dollar-based contract turnover has remained at a very low ebb, although this to a large extent reflects the general lack of trading activity in physical gold ever since the futures contract was launched in 1982.

London's role as a gold trading centre is further threatened by changes in the method of imposing Value Added Tax on imports.

Equally disappointing has been the failure of the New York aluminium futures contract, launched by Comex last December, to attract the kind of support generally anticipated. Bad luck has played its part in that the contract was introduced just when the 1983 boom in aluminium was fading. The market has been in a "bearish" phase ever since offering little excitement *for speculators* who provide the bulk of the Comex turnover.

Things may change if the aluminium *market takes* off again, but there is some uncertainty about the way the contract is framed primarily to suit the domestic industry, whereas the main interest in futures comes from international traders.

Bowing to pressure, the Metal London Exchange in September introduced a new high-grade zinc contract *which it is pro*posed will eventually replace the standard (good ordinary brand) contract.

However the Exchange has so far rejected a plan to introduce a third contract for copper. Both consumers and producers argue that it is wrong to have wirebars and high-grade cathodes included under one contract, but the LME is reluctant to have three contracts running at the same time since this could result in supplies being spread rather thinly and increasing opportunities for supply "squeezes" artificially distorting prices.

Bearing in mind experience with the two tin contracts, and the initial reaction to the second zinc contract, some traders believe that it might be best to stick with a single contract, based on the lowest common denominator, with *premiums* and discounts negotiated for different quality grades.

This has worked well with *the highly successful* LME aluminium futures contract, even though there has been criticism of the low grade quality of the stocks held in the LME warehouses.

This has generally been a poor year for the metals industry with prices generally failing to rise as expected, even for the specialised "minor" metals that started the year with a bang.

Prospects for 1985 remain cloudy. The fundamental supply-*demand situation could* result in the long expected explosion in prices as scarcities develop. On the other hand, if the U.S. sinks back into recession, metal producers could face some more tough times.

Followers of charts and computer systems are creating all kinds of unexpected price moves

# Market price movements even more unpredictable

**Investment**

JOHN EDWARDS

METAL PRICE movements have been more unpredictable than usual during the past year, often apparently moving at complete variance with the fundamental supply-demand developments.

This is not a particularly new phenomenon in the metal markets, but in the last 12 months it seems that traders and forecasters have been consistently guessing price trends incorrectly. Consumers and producers, who need to plan ahead using some kind of yardstick, are finding it increasingly frustrating.

The surprisingly firm trend in the value of the dollar has been the major miscalculation affecting metal price forecasts.

However, a large share of the blame for volatile, apparently senseless, price fluctuations is laid at the door of outside investors and speculators artificially distorting the markets.

Although investment in metals has declined, with speculators mainly preferring to put their funds into dollar or financial futures, there is still a large element of both private and trade speculation in the metal markets.

With trade activity at a low level, the markets are often dominated by followers of charts and computer systems operating in a very big way indeed. On many occasions a sudden unexpected price move, especially in the U.S. markets, is explained by the fact that some big commodity fund has decided to take a particular view and used its financial muscle to move the market.

While speculation provides the liquidity, essential for the operation of an efficient futures market, there is growing concern that on occasions it distorts prices to the disadvantage of trade users, be they producers, consumers or merchants, who rely on the metals industry for their livelihood.

There is also worry that the publicity given to the activities of speculators, especially when suffering heavy losses, give the metal markets a bad name as being a form of gambling casino. Speculation is a great deal more important on the New York metal markets than on the London Metal Exchange but it still plays an important part in the London markets as well.

After some initial hesitation, the London Metal Exchange decided to bow to the inevitable and give its complete support to the proposed new Association of Futures Brokers and Dealers in London being set up to improve protection for investors. Many metal traders still believe that private investors, particularly those with limited means, should stay away from what is a high-risk game. However, it is recognised that if the markets do not do something voluntarily to protect the outside investor, then the government will.

## Alternative

Self-regulation, through the AFBD, is seen as a much better alternative. There are still a lot of problems to be ironed out, with many of the trade-based companies on the Metal Exchange reluctant to become too deeply involved in financing the activities of companies with private clients, who are often more trouble than they are worth.

Nevertheless, the fact remains that outside interest in the metal markets has grown enormously during the past 15 years, as has interest in commodity and futures trading generally, and many companies on and off the Exchange cater for and stimulate speculative interest.

Speculation in itself is difficult to define, since many of the trade companies openly "take positions" on their own account, anticipating a trend or development.

Outside speculation, or investment, comes into the markets in many forms. Some investors, particularly those taking the long-term view, like to possess, the actual physical metal. They can do this by buying coins, like gold krugerrands or the new "noble" platinum coin, or bars or ingots.

This is normally favoured with precious metals, but in some cases base or specialised (strategic) metals are bought as a long-term investment to be stored away as a "hedge" against currency changes and inflation eroding the value of paper money. Some of the commodity funds are specially tailored for investors wanting to own actual metals.

However, buying and storing metals physically or through a fund normally requires a large capital outlay—less so in the case of funds—in a sterile investment that provides no dividends or interest.

So many investors prefer to become involved via futures, where they can trade on margins representing normally 10 per cent of the total cost.

This can be done by direct participation in the futures markets; by options on futures contracts; or through futures funds specialising in metals. Each has advantages and disadvantages. Trading in futures directly is highly risky and can involve a considerable outlay, especially if the market moves the wrong way and the investor has to pay margin calls. On the other hand the rewards are high.

Options are much safer in that the investors' potential loss is confined to the premium paid, and in the case of traded options even that can be reduced by selling on the option. The disadvantage is that option buyers start three steps backwards by having to make a sizeable profit just to cover the cost of the premium.

## Costs

Futures funds also offer limited liability, but the investor has to help pay all kinds of costs including the management and performance fees that severely dilute the profits payable.

There is also the vexed question of tax for UK private investors. At present the British investor still faces the possibility of paying the highest rate of tax (60 per cent) on any profits made from dealing in metals, futures, options or funds.

Strong representations are being made to the Treasury for "fairer" treatment to enable London markets to attract the kind of speculative liquidity that gives the U.S. markets a competitive edge. For the moment, however, the I.G. Index offers a tax-free method of gambling on metal price movements, although like options the investor starts with a loss represented by the spread quoted between the buying and selling prices.

I.G. Index is particularly suitable for the "punter" with only a small amount of money since it accepts bets well below the cost of a single lot on the futures markets.



PROFILE: JACQUES KENNETH LION

BY JOHN EDWARDS

# Guardian of the LME's traditional role

THIS HAS been a banner year for Mr Jacques Kenneth Lion. In May he was appointed chairman of the London Metal Exchange Board and this month his company, Philipp & Lion, celebrates its 75th anniversary.

Mr Lion's appointment as chairman of the board marks the end of an era, since his successor Mr P. G. Smith served for 17 years. Mr Lion, who is 61, does not visualise serving anywhere near that long as chairman and nor is he likely to encourage any revolutionary changes. He describes himself as a progressive traditionalist.

His declared ambition as chairman is to maintain the Metal Exchange's traditional role as the world's leading metal market, while at the same time being sufficiently flexible to allow the markets to evolve and keep up with the times.

Mr Lion is a firm opponent of the introduction of a clearing house system, primarily on the grounds that it would threaten the close links between the exchange and the trade, which he is pledged to defend. He points out that the Metal Exchange after being the last to join the Association of Futures Brokers and Dealers (AFBD), became the first to agree to its incorporation.

However, like many other metal traders he has doubts about whether the moves to improve protection for investors will really achieve their objective. The worry is that the greater regulation proposed will give a false sense of security and encourage investors with limited means to speculate in markets where the risks are too great for their pockets.

## Trend

"Extra regulation will not provide protection against bad judgments," Mr Lion commented. "The volatility in some metal markets is simply too great for some investors, who really should not be there."

At the present moment, he claims, metal prices are virtually impossible to predict using as a basis fundamental supply-demand developments or even currency trends. Instead, they are fluctuating violently on occasions for no apparent reason as the followers of charts or computer systems suddenly decide to buy or sell in a volume that cannot be ignored by the markets.

On the subject of computers, Mr Lion is concerned about the dangers of computer fraud on the futures exchanges. He notes that the banks, with their tight security systems, have already been badly stung by computer fraud and the exchanges and member companies are in a far more vulnerable position.

Mr Lion is also dubious about

Jacques Kenneth Lion: doubts about protection

the latest trend for exchanges in different countries to link up together and allow offset trading in both centres. He, for one, is watching with some anxiety the development of the Chicago Mercantile Exchange's arrangement with the Singapore International Monetary Exchange (Simex).

The main concern is the jurisdictional issue: if something goes wrong in one country will it be possible for someone in the other country to take effective legal action?

As for the advantages of 24-hour trading, Mr Lion points out that this has been possible with London Metal Exchange metals for many years now. It is quite easy to sell or buy LME copper in sterling in New York during the middle of the night, if required, and he sees no point in the Metal Exchange linking up with anyone else. "Heaven forfend" was his immediate reaction to the idea.

Certainly Mr Lion is not going to use his powerful position as chairman of the Board, which is responsible for running the exchange and providing its secretariat, to make radical changes just for the sake of change.

Mr Lion has been in the metals business, with the family company, all his working life and is proud of his long association with the Exchange.

Philipp & Lion are the only private partnership left as "ring dealing" members of the Exchange. Since the company joined the Exchange in 1929, all the other "ring dealing" partnerships have changed to limited companies or been merged with big groups.

The lack of limited liability means that the partners are responsible "down to their socks" (as Mr Lion puts it) for the company financial dealings but so far, in spite of the very big sums involved, the company has found it better to continue operating as a partnership.

It is fairly small in size with some 60 employees, but is known as one of the biggest international dealers in non-ferrous scrap outside North America with trading links worldwide.

Normally some 50 per cent of its turnover comes from scrap trading and the rest from the LME business, which of course includes "hedging" the company's scrap dealings as protection against price fluctuations.

It is very much a family business, with two families the Lions and the Gollances, making up the partnership. However it has strong historical links with many other well-known metal trading companies.

The company was founded under the name Philipp Brothers in 1909 by two brothers, Oscar and Julius Philipps, and was the "birthplace" of the present-day Philipp Brothers group, the world's biggest metals and oil trader, now merged with Salomon Brothers as Phibro-Salomon.

Julius Philipps was a Hamburg metal broker who stayed there while his brother Oscar set up the London office, and later established another company called Derby and Co.

## Close-knit

A third partner, Stephen Benheim, joined for a brief period in 1913 but when the first world war broke out as a German he had to leave the partnership and instead decided to set up a U.S. trading operation called Philipp Brothers, which developed into the present-day giant organisation.

All very incestuous, but that is the nature of the non-ferrous metal trading industry. It is a close-knit community, with the London Metal Exchange viewed in many quarters as an exclusive club only open to a privileged few.

Modern day pressures have forced the Metal Exchange to expand its membership and broaden its appeal to cater for international trading interests. It remains a maverick among futures markets, with no clearing house and a principals only contract ,as well as being a centre for physical trading.

Mr Lion admits that using the same markets for futures hedging transactions and for delivery of physical materials, can be an unhappy mixture at times. However, he remains convinced that the future of the Exchange lies in retaining its close links with the trade and metals industry, rather than relying on speculative business.

# Wait for recovery continues

## Mining companies

GEORGE MILLING-STANLEY

IT MAY HAVE taken much of the world's mining industry a little too long to learn the lessons that the recent severe recession was teaching, but most of the leading companies have by now taken the necessary steps.

Operating costs have been slashed, overmanning largely eliminated, ambitious capital spending plans either deferred or cancelled outright, and even head office staffs substantially reduced.

In general, the bulk of the world's base metal mining industry consists of the clichéd "leaner and fitter animals," simply waiting for the inevitable recovery in metal prices to ensure their return to profitability.

What this means in effect is that the matter has now largely been taken out of the hands of the companies, and they are at the mercy of external forces such as the level of economic activity, and currency movements.

These are the two very real problems now clouding the outlook for the industry. The recovery from the recession is proving remarkably reluctant to filter down through the various sectors and exert the expected upward pressure on metal prices, and the U.S. dollar shows no signs of giving up its "almighty" status.

One common method adopted by the big mining companies in order to try to protect their profitability is diversification, either into other metals or minerals or into general industry. Even though the recession hit virtually all sectors of industry, it is the companies which have followed this route of spreading their interests which are likely to recover most rapidly.

Newmont Mining of the U.S. is a prime example. This company, the country's third largest copper producer, has managed to remain profitable through the closure of much of its copper production capacity because it is also the third biggest gold producer in the U.S. as well, and a substantial force in the output of energy, through its oil and gas and coal interests.

These activities, originally peripheral to Newmont's main business, have protected the company so far, and seem likely to continue to do so until the copper price regains some of its former lustre.

Other less fortunate groups, such as Phelps Dodge and Kennecott, can be expected to take much longer to return to their former positions as blue chip investments, as their fortunes are effectively linked to a single commodity, copper.

### Spread

Similarly, in Canada those companies which have spread their activities are likely to recover most quickly from the ravages of the past couple of years, while the companies which have remained tied largely to one product will lag well behind.

The nickel-producing Inco has managed to reduce operating and head office costs by a substantial margin, but its late decision to diversify, primarily into the hunt for gold, will raise spending on exploration and thus probably be a drag on profits.

Falconbridge, by contrast, broadened its traditional nickel base by going into copper and gold in a big way through the Corporation Falconbridge Copper subsidiary, and has been able to reap the benefits of this. In addition, this group has probably had even more success than Inco in improving operating efficiencies.

Canada's largest natural resources group, Noranda, is also well diversified, with lumber and energy interests in addition to its base metal operations.

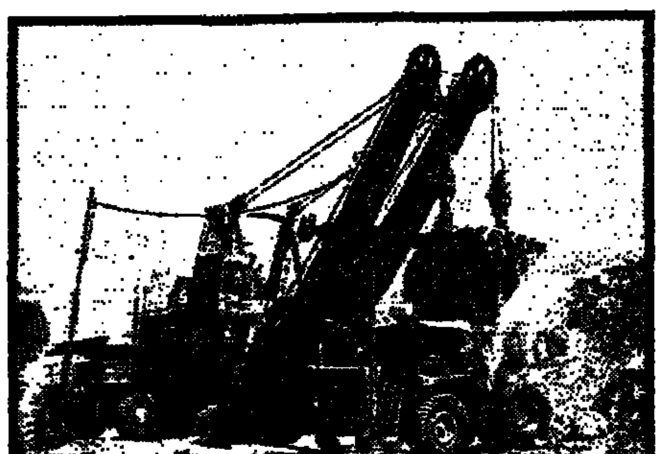
The problem for Noranda lies in the fact that it has had to pay a heavy price for its tardiness in joining the rush *into precious metals*, and has paid large sums to secure its position in the exciting new gold camp at Hemlo, north-western Ontario.

This investment will be a significant moneyspinner for the group within the next couple of years, but in the meantime the heavy capital expenditure necessary to bring a large gold mine into production in what may prove to be record time will depress profitability.

In Australia, it is a newcomer to the big league which looks at this point to have the best prospects for the next year or two. North Broken Hill Holdings became one of the country's largest mining houses this year through the surprise takeover of EZ Industries, formerly an associate.

NBH will benefit from the continued success of its pulp and paper operations, while its traditional lead, zinc and silver interests at Broken Hill in New South Wales depend largely on two imponderables, the pace of worldwide recovery in base metal prices and the group's success in dealing with a *fractious* labour force.

These operations may be helped to greater efficiency by the fact that NBH now controls the Risdon treatment plant in Tasmania, formerly in the hands of EZ.



Chingola copper mine in Zambia. The world's mining industry has slashed operating costs and cut back ambitious spending plans

### Contribution

In addition, NBH can look for a substantial contribution to profits from the jewel in EZ's crown. This is the almost one-third holding in Energy Resources of Australia, which operates the large and highly-profitable Ranger uranium mine in the Northern Territory.

A similar stake in ERA has more than once come to the aid of Peko-Wallsend, and prospects for this company are also fair. While the non-mining interests do not appear to be performing as well as those of NBH, the group is the third-biggest gold producer in Australia, and its investment in the Robe River iron ore operations will benefit from the secure marketing arrangements which are already made.

Western Mining Corporation, another giant of the scene "down under," has found many of its difficulties with nickel offset by its aluminium and gold interests, but oil and gas exploration is both a risky and a costly business, and the group will soon have to face up to the problem of financing its share of the huge development costs of the Olympic Dam copper-gold-uranium deposit in South Australia, which could place constraints on earnings potential.

The indications are that the outlook for the world's leading base metal mining companies is healthier than it has been for some years but there are a number of clouds still on the horizon. The most significant of these are the course of metal prices, the strength of the U.S. currency and the costs of diversifying to try to protect profitability against the next cyclical downturn.



# Volumes holding up

## Comex

BRIAN NOLK

IN NEW YORK the traditions of show business are as old as those of commerce, and over the years each group has taken lessons of survival from the other. As any old vaudevillian knows, you have to keep a few tricks up your sleeve to pull out quickly if one of your acts fails to go over, and you have to be a good judge of your crowd to be able to give them what they want.

One hesitates to analyse commodity trading by the standards of the entertainment industry, even if the average trading floor resembles nothing so much as a multi-ring circus, but it does seem that the Commodity Exchange Incorporated—Comex—has more than a little show biz sense in its soul.

After a series of record breaking years in terms of contract trading volume, 1984 has been seen as a disappointment, running just slightly under 1983's levels. Exchange president Alan J. Brody said the expectations are that volume will total some 20m contracts in calendar 1984, or very close to last year's, and this is good volume by any standard.

Considering the relative lack of volatility in gold prices this year, which has dampened speculator interest in gold futures considerably, the exchange has done quite well indeed. Gold futures make up the exchange's largest volume contract and a 15 per cent lower level of activity has hurt total exchange volume.

Partially offsetting the downturn in gold futures activity has been a tripling in the exchange's options contract on gold futures to over 1m contracts. The two year old gold options contract has gone through a strong growth curve and has attracted an entirely new investor group to Comex—investors who are anxious to avoid the unlimited risk of futures trading but who still wish to participate in the gold market.

Copper has been affected similarly by the less than *robust fundamental demand for* the commodity this year and volume of trading in the Comex contract at 1.7m contracts in the first eight months, has been only 75 per cent of last year's record levels. There again, investor interest in futures trading in copper will not increase until the demand for the physical metal shows greater vitality.

The lower levels of activity in gold and copper futures on Comex have been reflective of the underlying market and are thus beyond the control of the exchange and its trading members, but a greater disappointment has been experienced in the new aluminium contract.

Introduced last December, the Comex aluminium contract traded less than 50,000 contracts in the first eight months of this year. Mr Brody admitted the new contract had yet to take off, but expressed confidence that it would.

Having passed its 10-month existence and its first midsummer slump intact, the contract has recently registered gains in both contract trading volume, open interest level and stocks, pointing to a greater viability for the contract.

Comex has attempted to keep the pot boiling during those weak months in a number of ways. Firstly, in June the exchange offered 50 permits granting floor trading privileges in the contract for a reduced price of $5,000. The privilege becomes permanent if the holder trades 5,000 aluminium contracts within 12 months, allowing an inexpensive entry into the Comex contract. Only 15 have been sold so far, Comex admits, but many traders have expressed interest and the offer is still open.

### Refund

In July the exchange also offered members a $5 refund for each aluminium contract traded, a direct attempt to draw in the traders to provide the needed liquidity which would draw in the other traders. This incentive programme has been criticised by market watchers as a gimmick, but it has helped to boost interest and activity and was successful in nudging the contract towards a more self-sufficient level of trading.

It is this kind of responsiveness, an adaptability to changing market conditions which has characterised Comex's other activities this year. The exchange has opened a new category of membership for options traders specifically and has recently moved to expand the plan. Initiated in September 1983 to entice the 189 holders of the dormant Financial Instrument Permits to step into trading of gold options, the programme granted the holders temporary trading privileges which could be converted into permanent options memberships within one year by meeting certain trading requirements. At the end of the year, last month, 169 option memberships had been validated, and this is only phase one.

The exchange decided the idea was sufficiently successful to try it on the new silver future options contract, which began trading last week on October 4. On that date, 100 temporary permits granting trading privileges in silver options, which had been on sale for a few weeks, became effective.

Comex does not have any other contract propsals before the U.S. Commodity Futures Trading Commision, but the most likely course of action would be to capitalise on the existing metals futures con-existing metals f utures contracts by offering aditional options products. Therefore an options contract on the steady *and still high volume Comex* copper futures business is still a possibility.

### Linkage

Another way to increase business, without risking a large step into a new metal, is to offer linkage with other existing exchanges, and this is exactly what Comex is pursuing at the moment with Sydney Futures Exchange. Negotiations are under way to allow investors to establish or offset their gold futures positions interchangeably on either exchange. Trading hours would effectively be doubled for investors on either exchange and a net increase in overall volume can thus be expected. Mr Brody said based on continued success in the talks between the SFE and Comex, documentation should be completed by the end of the year and approval from the two respective regulatory agencies would be sought. If all goes well, within 12 months the linkage will be in place.

Such opportunities and flexibility has helped to fuel the steady growth of Comex business over the years, which has in turn caused an increasing strain on the exchange's physical facilities. After only seven years at its current address in New York's World Trade Center, Comex is bursting at the seams with increased trading activity and backrooms office needs. To make better use of existing space a room adjoining the main trading floor has been prepared to house the exchange's aluminium and copper trading pits and this new 2,800 square foot expansion area will be open for trading some time this month.

With the cost of Manhattan property and existing lot sizes as they are, Comex is now looking further afield for space, including midtown Manhattan and even across the river in New *Jersey. A decision on new* quarters could be a year or more away with the actual move a few years after that, but Comex's burgeoning business could accelerate that schedule.

*Brian Nolk is American Editor (Non-ferrous) at Metal Bulletin in New York.*

# Cracks show in the system

## Price structures

JOHN EDWARDS

THE PRODUCER price system for metals—under which producers decide on fixed quoted prices — lost further ground this year following the collapse of the aluminium market. As the producers feared when the London Metal Exchange aluminium futures market was launched in 1978, free market forces have increasingly taken over in deciding the selling price of ingots.

At one stage aluminium producers, as a tightly-knit group, were able to control prices and their own destiny. However, the cracks in the producer price system have now opened wide. It is acknowledged that aluminium is being forced to follow the same path as copper with selling prices now being heavily influenced by what happens in the futures markets.

While the aluminium producers continued to quote their official published prices for ingots, these have become more and more meaningless as the gap widens with the daily free market values in London and New York.

In vain do the producers argue that there is a very different basis for the fixed producer prices and the constantly fluctuating free market quotations. Consumers expect to pay less if free market values have fallen and the producer is eventually forced to come into line, if he wants to retain the business.

Conversely if free market values move to a premium, then the consumer insists on sticking to the lower producer price, so the producer tends to lose on both counts.

Producers argue that they and consumers both benefit from fixed producer prices which are changed infrequently enabling some form of long-range planning, which is extremely difficult if prices are all over the place, often distorted by the whims and fancies of speculators.

Nevertheless, the chaos in the currency markets, and the entry into the aluminium industry of producers more concerned with foreign exchange earnings than actual prices, has made it impossible to impose an international producer price system as in the past. Different prices in different regions further undermine the producer price system in one particular area and the only alternative is a free market price quoted everywhere.

Earlier this month the Japanese partners in the Venezuelan aluminium project demanded that the sales price formula should be changed from being based on the Alcan producer price to free market prices.

### Premium

The Japanese unequivocally stated that producers' list prices no longer form the basis of primary aluminium prices worldwide: instead they are based on London Metal Exchange prices, plus an appropriate premium. Earlier Kaiser, one of the world's leading producers, also used LME prices as the basis for its agreement over valuing production in Ghana.

Although the New York aluminium futures contract on Comex, launched last December, has not yet really got off the ground, the pass has effectively been breached by the LME.

Nickel and zinc producer prices are also under pressure both in North America, Europe and the rest of the world, while the U.S. copper producer price is something of a joke with constant changes slavishly mirroring the trend on the New York and London copper markets.

In times of shortages the producer price system is able to be reasserted when the producers are calling the tune, but the underlying trend is certainly towards free market pricing.

This leaves very little hope of introducing the kind of price stability that both consumers and producers would dearly like to see. Instead they are resigned to living in an increasingly uncertain world.

ADVERTISEMENT

# SPIEGEL v. NOW! MAGAZINE

## AUGSTEIN v. GOLDSMITH

**Plaintiffs**
**Spiegel Verlag Rudolf Augstein GmbH & Co KG**
**Rudolf Augstein**

&

**Defendants**
**Sir James Goldsmith**
**Cavenham Communications Limited**
**Anthony Shrimsley**

**In the High Court of Justice, Queen's Bench Division, on 8 October 1984, the following agreed statement was read out:**

**Mr. John Wilmers QC – Counsel for the Plaintiffs**

My Lord, I with my Learned friends Mr Charles Gray and Mr Andrew Monson represent the Plaintiffs who are the owners and publisher of the West German weekly magazine *Der Spiegel*. My Learned friends Lord Rawlinson, Mr Andrew Bateson, Mr James Price and Mr Mark Warby represent the Defendants Sir James Goldsmith, Cavenham Communications Limited and Mr Anthony Shrimsley.

On the 21st day of January, 1981, Sir James Goldsmith delivered a speech to the Media Committee of the Conservative Party in the House of Commons which was subsequently published, *inter alia*, in *Now!* magazine, edited by Anthony Shrimsley.

This speech dealt with Soviet propaganda and the systematic manipulation of the Western media by certain organs of the Communist Party of the Soviet Union. Sir James went on to describe the three major organisations used for this purpose and which report to the Politburo in Moscow: the International Department headed by Boris Ponomarev; the International Information Department headed by Leonid Zamiatin and the KGB controlled Soviet propaganda organisation called Service A which is part of the KGB's First Chief Directorate. Service A plans, coordinates and supports secret operations which are designed to back up overt Soviet propaganda.

As an example, Sir James made reference to information provided by General Jan Sejna, a former high official of the Czechoslovak government, and former Secretary of the Czechoslovak ruling party's Defence Committee, who defected in 1968. Sir James stated "General Sejna, the high-ranking Czech intelligence defector, admitted that the campaign by the German news magazine *Der Spiegel* to discredit Franz Josef Strauss was orchestrated by the KGB".

It is to this reference that the Plaintiffs have taken exception in that they felt that it implied that the magazine was under the control of the KGB, knowingly employ journalists who are Communist intelligence agents and in fact are a KGB front organisation. My clients were concerned to refute and deny any such suggestions and to ensure that their journalistic and editorial independence is not in question.

**Lord Rawlinson QC – Counsel for the Defendants**

Sir James' position is that in pursuance of their policies, the Soviets conduct massive and continuous propaganda campaigns both overt and covert – the former through overtly controlled Communist media throughout the world, the latter consisting of the dissemination and planting of stories, many of which are based on forgeries and deliberate falsehoods known as "disinformation".

The ultimate object of the campaigns is the undermining of free Western societies and political systems. In particular they aim to promote ideas, individuals and governments helpful to Soviet strategy and conversely to discredit those hostile to the interests of Communism.

In pursuance of their aims the Soviets make use of unwitting Western media. In addition to the overtly controlled Communist press – the value of which is limited since the sources are publicly known – there is a major and continuous effort to plant propaganda covertly through well placed agents of influence who themselves may be either conscious or unconscious of the role that they are playing. The media thus used are not intended to realise that they are participating in KGB orchestrated campaigns.

It is Sir James' position that in pursuance of these policies, the Soviets made a conscious decision to seek to discredit the West German politician Dr. Franz Josef Strauss and mounted a campaign of defamation, disinformation and provocation against him. Franz Josef Strauss was Minister of Defence in Chancellor Adenauer's government when he made a speech in the Bundestag calling for the deployment on German soil of U.S. controlled nuclear weapons so as to counterbalance the growing Soviet threat. It is Sir James' position that against that background the Soviets decided to make use in that campaign of the fact that *Der Spiegel* was well known as opposing Dr. Strauss' political views and regularly published articles expressing that opposition.

In support of his case Sir James had arranged to call witnesses from this country, the USA and West Germany who would have testified as to Soviet policy in general and to the special role and organisational structure of Soviet covert propaganda. In addition Sir James would have called high level Soviet and Soviet bloc defectors, who in their former capacity as officers of the KGB or satellite intelligence services, had themselves been involved in disinformation and penetration of Western media including the recruitment of Western agents of influence, among them journalists. They would have given evidence of a number of instances of Soviet "active measures". More specifically certain of these high level officials (who have since defected to the West) would have given evidence of meetings at which plans were approved to seek to discredit Dr. Strauss and to use *Der Spiegel* in the manner I have indicated.

Such witnesses would have testified to the fact that the vast majority of the Western media which are used do not know that they are being so used and further that an important part of the planning of such operations is to ensure that the publications remain unaware of the source of the material which is supplied to them and that most of the individuals concerned do not know that they are ultimately serving Soviet purposes.

Finally, Sir James would have called General Sejna who has sworn an affidavit confirming that he made the statements quoted by Sir James and to which the Plaintiffs have objected.

It was and remains Sir James' position that many Western publications were and are unwittingly used by the Soviets in their campaigns conducted by the KGB and other Soviet organisations. So in Sir James' view, *Der Spiegel*, in common with other Western publications, can themselves fairly be described as victims of KGB propaganda techniques.

I am happy to state publicly on behalf of all the Defendants, as was indicated before these proceedings began, that it was never intended by Sir James to imply that the Plaintiffs or their paper were controlled by or cooperated with Soviet Intelligence or knowingly employed any journalist who was a KGB agent.

**Mr. John Wilmers QC – Counsel for the Plaintiffs**

My Lord, in the result my clients now take the view that it is unnecessary for them to proceed any further with this action. They have of course not seen any of the Defendants' evidence, but they fully accept that broadly speaking Soviet Intelligence seeks to operate in the way stated by my Learned friend, although they themselves are not conscious of having been used in the manner mentioned by Sir James Goldsmith. My clients are conscious of the dangers to press freedom posed by Soviet covert propaganda.

I am happy to say that the parties, upon the basis of this agreed statement, have agreed that the action should be withdrawn.

In the circumstances all that remains is for me to ask your Lordship for leave to withdraw the record.

**CAVENHAM COMMUNICATIONS LIMITED**
**CAVENHAM HOUSE**
**PARK LANE**
**CRANFORD**
**MIDDLESEX**
**TW5 9RW**

# UK NEWS



## Rise in costs slows down

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE PRESSURE of rising costs faced by manufacturing companies continues to moderate, according to the latest figures published yesterday by the Department of Trade and Industry.

They showed that the rise in prices of industry's fuels and material in the 12 months to September was 6.2 per cent. This was the lowest annual increase since April 1983, and compares with a figure of 6.6 per cent for August and 8.4 per cent in July.

This slowing of the rate of increase in manufacturers' costs is good news for the Government particularly in view of the fall in sterling's value against the dollar over recent months.

After slowing down from a peak of 9½ per cent a year ago, the annual rate of increase of manufacturer's costs appeared to be stuck at about 7 to 8 per cent, a worryingly high figure in relation to the Government's hopes of bringing the inflation rate down to 4 per cent next year.

The outlook for British inflation has been helped by a marked fall in world commodiry prices in recent months. The latest figures from the International Monetary prices fell by 8 per cent in dollar terms between April and August.

This fall in world prices has wiped out most of the rises made last year and in the early part of this year, bringing average prices back to about the same level as in the second quarter of last year.

The moderate trend of prices paid by British manufacturers has been matched by some fall in the rate of increase in prices charged to wholesalers.

This figure, a good indication of the inflationary pressures "in the pipeline," fell from an annual rate of 6.2 per cent in August to 6 per cent in September.

## Zero inflation rate forecast for 1988

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITAIN is set for a period of steady growth with low inflation and declining unemployment, the Liverpool University Research group in Economics says in its latest forecast out yesterday.

The group has been consistently one of the most optimistic of the forecasters and a strong supporter of the general direction of the Government's economic policies.

In recent years the Liverpool group has been very broadly correct in predicting the fall in inflation, but over-optimistic about the trend of economic growth and unemployment.

The group says that the present inflation rate as measured by the Retail Price Index is running at an annual level of about 5 per cent. However, the Consumer Price Index, which excludes mortgage interest payments, is rising at an annual rate of only 4½ per cent.

It believes that the inflation rate will fall steadily to zero in 1988, and that this will help the economy to grow at a steady rate during the period.

A peak rate of growth of 4.4 per cent next year reflects the expected unwinding of the effects of the miners' strike. However, the group believes that economic growth should be sustained at an annual rate of 4 per cent in 1986, and that unemployment will fall to below 2m by 1988.

This unemployment forecast is more pessimistic than that produced by the group in May, when it was thought that unemployment would fall to 2.1m by 1988. The most recent projection for 1988 puts the number out of work at 2.4m.

*Quarterly Economic Bulletin. University of Liverpool, Department of Economic and Business Studies (Vol 5 No 3: October 1984).*

COAL BOARD AND UNION TO SEEK BASIS FOR RETURN TO WORK

## Fresh bid for pit peace

BY PHILIP BASSETT, LABOUR CORRESPONDENT

MINERS' LEADERS and the National Coal Board (NCB) will hold face-to-face talks on Thursday in what may be the best hope in some time of resolving the bitter, 30-week-old strike over pit closures.

The talks will be held as a result of the efforts of Acas, the Government-backed conciliation service who said last night that the purpose of the planned meeting would be "to seek a basis for a resumption of work."

Those involved in the talks emphasised that the problem of finding a settlement between the NCB and the National Union of Mineworkers over the core issue of pit closures could not be underestimated.

They were neither optimistic nor pessimistic, but realistic about the difficulties facing the talks. The position was said to be still "extremely delicate."

Even so, the agreement of all the parties to these talks after patient and careful diplomacy by senior Acas officials must raise the best prospect for finding a solution.

Initially, the talks will only be between the NUM, led by Mr Arthur Scargill, the union's president, and the NCB, led by its chairman, Mr Ian MacGregor. The two sides are likely to be brought face to face at least for a short period immediately the talks get under way on Thursday morning.

Leaders of Nacods, the pit supervisors' union are expected to be present in the Acas headquarters in London when the talks are taking place.

Nacods – which has both its own dispute with the board over its proposed reductions in capacity, and an 82.5 per cent ballot vote in favour of a strike – is unhappy about not having a greater role in the talks, however. Mr Pat Lowry, Acas chairman, will meet representatives of the union today to discuss the union's position.

Acas officials stressed yesterday that there was at present no formula, no understandings between the parties waiting to be signed and sealed in the talks this week. Accordingly, they are likely to be protracted, possibly running into the weekend and even perhaps into next week.

The NUM, certainly, will not want to reach any agreement while the Conservative Party conference, which opens in Brighton today, is still on. All sides will be anxious, too, that the position will not be worsened by the outcome of the High Court case tomorrow against Mr Scargill and the NUM for alleged contempt of court.

The basis of the discussions seems unlikely to be the third-party arbitration idea proposed by Nacods on what constitutes an uneconomic pit, although this – backed by the union's strike vote – has been instrumental in bringing the parties together.

# UK NEWS

## Der Spiegel libel action against Goldsmith dropped

FINANCIAL TIMES REPORTER

A HIGH COURT libel action brought by the West German magazine, Der Spiegel, against the financier Sir James Goldsmith and others was withdrawn yesterday in London. The action was dropped after Sir James stated that he never intended to imply in a 1981 speech that the magazine co-operated with Soviet intelligence.

Sir James's speech, which prompted the complaint, had been delivered to the media committee of the Conservative Party and was later published in NOW! magazine.

Der Spiegel had sued Sir James, Cavenham Communications, publishers of NOW! and Mr Anthony Shrimsley, its then editor.

Mr John Wilmers QC, for Der Spiegel, told Mr Justice Caulfield that Sir James's speech dealt with Soviet propaganda and the systematic manipulation of the Western media by certain organs of the Communist Party of the Soviet Union.

Sir James had stated: "General Sejna, the high-ranking Czech intelligence defector, admitted that the campaign by the German news magazine Der Spiegel to discredit Franz Josef Strauss was orchestrated by the KGB."

Mr Wilmers said Der Spiegel felt that statement implied "that the magazine was under the control of the KGB, knowingly employing journalists who are Communist intelligence agents and, in fact, are a KGB front organisation."

Lord Rawlinson, QC for the defendants, said Sir James's position was that the Soviets conducted massive propaganda campaigns, both overt and covert, the latter involving planting stories many of which were based on forgeries and deliberate falsehoods.

In pursuance of their aims, the Soviets made use of unwitting Western media and Sir James contended that they mounted a disinformation campaign to discredit Dr Franz Josef Strauss.

The court heard that Sir James would have called witnesses from Britain, the U.S. and West Germany to testify about Soviet policy and the special role and organisational structure of Soviet covert propaganda.

"In addition, Sir James would have called high level Soviet and Soviet bloc defectors, including General Sejna, who, in their former capacity as officers of the KGB or satellite intelligence services, had themselves been involved in disinformation and penetration of Western media, including the recruitment of Western agents of influence, among them journalists," Lord Rawlinson said.

The defendant still maintained that many Western publications were, and are, unwittingly used by the Soviets in the campaigns. "So, in Sir James's view, Der Spiegel, in common with other Western publications, can themselves fairly be described as victims of KGB propaganda techniques."

Sir James had never intended to imply that Der Spiegel was controlled by, or co-operated with, Soviet intelligence, or knowingly employed any journalist who was a KGB agent.

Mr Wilmers said that his clients now considered it unnecessary to proceed any further with their action. They had not seen the defendants' evidence, but broadly accepted that Soviet intelligence sought to operate in the way stated, although Der Spiegel was not conscious of having been used in the manner described by Sir James.

## N. Sea prices struggle

BY DOMINIC LAWSON

BRITISH National Oil Corporation (BNOC) is experiencing difficulties in its attempt to hold North Sea oil prices for the fourth quarter.

BNOC had expected to get agreement to maintain the $30 a barrel Brent market price by October 1, the opening of the final quarter. But a number of BNOC's customers have still to agree, on the grounds that the spot market price of Brent crude is currently about $1.5 below the official price.

Even those customers who have agreed, have done so only on the understanding that, if North Sea oil spot prices do not firm up in the next few weeks, then they will ask to reopen negotiations for a lower term price.

Although this reopener clause is in all BNOC term price agreements, it is most unusual for oil companies to draw attention to it in this way. It underlines the provisional nature of the fourth quarter agreements that have been struck.

The companies who have been particularly hurt by BNOC's pricing policy are European refiners, who have no North Sea production of their own, but who are paying for BNOC's highly priced term oil in increasingly expensive dollars.

BNOC's problem is that while it is not in principle opposed to a reduction in the price of North Sea crude, it knows that the Government has set its face against such a move. Indeed, in August, Mr Alick Buchanan-Smith, Energy-Minister, wrote to eight major BNOC customers in a successful effort to dissuade them from reducing their purchases of North Sea oil.

Some other major customers have been cutting their purchases, however, with the effect that BNOC is now probably losing hundreds of thousands of dollars every day selling its crude at a discount on the spot market.

## Atomic body discusses private venture funding

BY DAVID FISHLOCK SCIENCE EDITOR

THE UK Atomic Energy Authority (UKAEA) is talking to the City of London about venture capital support for non-nuclear projects at research establishments such as Harwell.

Dr Ron Sowden, director for industrial research at Harwell, in Berkshire, south England, confirmed yesterday that he was having talks with merchant banks and other institutions.

Dr Sowden is addressing the British Nuclear Energy Society in London later this week on getting extra dividends from nuclear technology.

Professor Sir Peter Hirsch, outgoing chairman of the UKAEA, described it as an under used national asset which should be run and funded on more commercial lines.

Sir Peter said the UKAEA was capable of transferring new technology to industry with an efficiency universities could not hope to match, but new mechanisms were needed for funding its technology transfer operations.

It was chronically short of development funds to exploit its full potential for helping British industry to be innovative.

Peter Walker, Energy Secretary, said last week that he was considering a Whitehall report recommending changes in funding

The report found that although immediate privatisation, in part or whole, was not realistic, the authority's activities should be moved on to a trading fund basis.

It concluded that a trading fund would "require all work to be accounted for on a fully commercial basis; impose additional discipline through the requirement to meet financial objectives; create financial flexibility between years; highlight major issues which need to be dealt with in commercial terms; and facilitate possible eventual privatisation."

The present legal position is that the authority's enabling legislation of 1954 was designed to protect private industry from competition.

## IBM users support network plan

By Guy de Jonquieres

THE IBM Computer Users' Association has supported the controversial joint proposals by IBM and British Telecom to launch a sophisticated electronic information network in the UK.

Mr Roger Dale, chairman of the association, said yesterday that a number of his members had expressed strong support for the project at two meetings in the past week. They had agreed that it would help the development of their businesses.

## Strike ballots

NALGO, Britain's fourth largest union, does not intend to alter its usual procedures to comply with the Government's Trade Union Act 1984. Pre-strike balloting is normal in the union and there is no intention to depart from that practice, as might have been inferred from an article in yesterday's Financial Times.

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## UK NEWS

# Further battles ahead for BA and BCal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SOME BIG battles are still likely to be fought between British Airways (BA) and the independent airlines, led by British Caledonian Airways (BCal), over future route licences, despite the Government's White Paper (policy document) last week which opened the way to "dual designation" the right of independents to compete with BA on international air routes.

This principle, to which the Government effectively committed itself in the White Paper, has been applied on a number of important air routes in the past with success, but has been a failure on many others.

British Caledonian, for example, flying out of Gatwick, serves a number of European and long haul routes that are already also served by BA flying out of Heathrow – Paris, Amsterdam, Brussels, Geneva, Frankfurt, Hong Kong and Los Angeles.

On these routes, under the individual bilateral air agreements with each foreign country involved, the total annual traffic on each route is divided between the two countries in equal proportions. The UK's share is then divided between the two airlines, BA and BCal, on an agreed formula.

The result is that while the foreign flag carrier may enjoy, for example, 50 per cent of the traffic, the UK airlines have to be content with 50 per cent between them – for example, 35 per cent for BA and 15 per cent for BCal.

If the efforts of the UK carriers result in traffic growth, they have the right to ask for a renegotiation of the agreement, to give the UK a bigger share of the overall market. This often also results in the foreign carrier benefiting by winning a bigger share of the market, as a result of the UK airlines' activities.

This has already happened, for example, on the London–Paris route, and is cited by the UK airlines as a good reason why foreign carriers and their governments should accept dual designation.

But the foreign airlines and their governments sometimes seem hard to convince. British Caledonian, for example, has been awarded several route licences to Continental cities under the dual designation principle, only to be blocked by the foreign governments concerned even where those governments have already accepted the principle for other destinations in their countries.

BCal already flies under dual designations to Frankfurt, but the West German Government has blocked similar rights to Cologne, Hamburg, Hanover and Stuttgart, even though the UK Civil Aviation Authority has awarded BCal the UK licences.

Also BCal has such licences to fly in competition with BA to Vienna, Milan and Helsinki, but cannot do so, because the foreign airlines and governments concerned refuse to accept the dual designation principle.

The negotiators in the Department of Transport thus will have their hands full over the next few months, in trying to convince foreign airlines and governments that, contrary to their existing beliefs, dual designations can stimulate traffic and result in improved financial results for everyone.

Lack of success in the past can probably be attributed to the half-hearted UK Government endorsement of the principle, which has frequently left the Civil Service negotiators in a difficult position.

The White Paper once and for all settles that problem. The UK is now politically committed to the principle of dual designation on international air routes as a means of stimulating competition, improving traffic results and hopefully therefore bringing down fares. The point is not likely to be lost on foreign governments, who can expect a tougher UK negotiating stance from now on.

The pattern now is for the independent airlines themselves to decide which routes they wish to seek under the dual designation principle, and apply for them to the Civil Aviation Authority (CAA).

British Airways has already publicly stated, in newspaper advertisements and statements from top management, that it will not object to bids for dual designation, arguing that it would welcome such fights on the routes, "and may the best airline win."

It remains to be seen whether BA will live up to those declarations. If it does not object, the CAA is bound to award the independents the licences they seek, thereby automatically obliging the Department of Transport to open negotiations with the foreign countries concerned in bids to win the necessary reciprocal rights before services can start.

But there could be some routes where BA will object, especially where traffic volumes are low, and where it has spent considerable time and money in trying to build up its own position. Examples include Peking – a route in which BCal has already publicly expressed an interest

# Jaguar offers 21% pay increase

BY PHILIP BASSETT, LABOUR CORRESPONDENT

JAGUAR CARS yesterday offered its 7,000 hourly-paid employees a pace setting pay increase of 21 per cent spread over two years which is likely to lead to one of the highest pay increases not just in the car industry but across all sectors in this wage round.

Though a high deal was expected this year following its privatisation from the main body of the state-owned BL, the size of the Jaguar offer is likely to have an impact both on pay talks now taking place in Vauxhall, and in BL itself.

Union leaders indicated they are likely to give a reply to the Jaguar offer within a few days, though talks were still going on last night following the company's tabling of the package.

Jaguar said the idea behind making an offer of this size was to achieve an early settlement, to avoid disruption in the future and to recognise its employees' contribution to the company's improved performance.

Under the terms of the offer, hourly-paid workers would receive an increase of £11.90 per week this year, and a further £12.75 per week in 1985-86.

In addition, the ceiling to the company's productivity-based bonus scheme – currently £30 a week – would be increased to £36.25 this year and £42.50 the following year.

# FT COMMERCIAL LAW REPORTS

## French turkey producers' claim can proceed against the UK

BOURGOIN SA AND OTHERS v MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

Queen's Bench Division: Mr Justice Mann; October 1 1984

WHERE THE UK Government restricts imports from another EEC country for the purpose of benefiting its own producers, individual producers in that country who suffer loss as a result may claim damages for breach of statutory duty, and have a cause of action for misfeasance in public office if the minister concerned knew that his act was not within his powers and would cause them injury.

Mr Justice Mann so held when giving judgment for Bourgoin SA, a French turkey-producing company, and others, on a preliminary issue as to whether their statement of claim against the UK Ministry of Agriculture, Fisheries and Food disclosed any cause of action.

HIS LORDSHIP said that unlicensed imports of turkeys into the UK were prohibited to prevent the introduction of disease.

Until August 31 1981, a general licence authorised the landing of turkeys from France.

On August 27, the Minister of Agriculture, Fisheries and Food revoked the licence with effect from September 1 1981. He replaced it with another general licence authorising the landing of turkeys only if they had their origin in Denmark or Ireland. Consequently, French trade into the UK ceased.

The EEC Commission claimed that revocation of the old licence infringed article 30 of the European Economic Community (EEC) Treaty, which provided that quantitative restrictions on imports and all equivalent measures were prohibited between member states.

The UK Government asserted that the revocation was permitted by article 36 of the Treaty, which provided that article 30 should not preclude prohibition on imports justified on the ground of animal health.

The asserted consideration of animal health was the need to protect the UK flock against Newcastle disease, a contagious disease affecting poultry. It was caused by a virus and could be controlled by slaughter or vaccine. A vaccinated bird could carry the virus after slaughter for the market.

French policy (but not Danish or Irish) was to control the disease by vaccination. From 1964 the UK had relied on vaccination, but reverted to a policy of slaughter on September 1 1981 – hence, so it argued, the embargo on imports from a country where Newcastle disease was controlled by vaccination.

The Commission brought the question before the European Court of Justice, which held that the UK had failed to fulfil its obligations under article 30 *(Commission v UK (Case 40/82) [1982] ECR 2795)*. It said certain facts suggested that the real aim was to block imports of poultry from France for commercial and economic reasons.

In consequence the Minister issued a licence in November 1982, enabling the French turkey producers to resume exports to the UK. They claimed damages against the Minister for, *inter alia*, breach of statutory duty and misfeasance in public office. The defence averred that the statement of claim showed no cause of action.

The claim for breach of statutory duty was formulated as a claim for breach of a right conferred by article 30, enforceable under section 2(1) of the European Communities Act 1972. Section 2(1) provided that all rights arising under the treaty were to be given legal effect in the UK and enforced accordingly.

Article 30 had been held by the European Court to produce direct effects and so to create individual rights which national courts must protect. The form of protection was for the national court to determine but must be available on the same conditions as for domestic law, and must dissuade breaches of the right conferred by the article.

The debate on the present preliminary issue was whether the form of protection was solely a proceeding by way of judicial review for a declaration, as the Ministry contended, or whether damages for breach of statutory duty were also available, as the French contended.

They said, unanswerably, that a declaration was not sufficient protection, because an interim declaration could not be made, and, however speedily the substantive action was brought to trial, loss and damage could be caused before its determination.

Whether a domestic provision conferred a right of action for damages for breach of statutory duty depended on the Act that contained the provision. There was no reason in principle why the breach should not be the subject of both judicial review and damages *(see Thornton [1979] OB 626 and Cox [1983] 2 AC 280, 293)*. Availability of judicial review should not oust the general proposition that domestic statutory of an injured person, where the statute did not prescribe a method of enforcing compliance or penalising non-compliance *(see Cutter [1949] AC 398, 407)*.

Article 30 did possess the characteristics that enabled a domestic statutory provision to confer a right of action for damages.

In *Garden Cottage Foods [1984] 1 AC 130, 141* Lord Diplock said with regard to Article 86, which created direct rights, that breach of the duty not to abuse a dominant position could be categorised in English law as a breach of statutory duty. As it was capable of giving rise to a cause of action in English private law there was no reason "to invent a cause of action with characteristics that are wholly novel as respects the remedies. . ."

On the basis that articles 30 and 86 each had direct effects, one could not differentiate between them. Accordingly, a contravention of Article 30 that caused damage to a person gave him an action for damages for breach of statutory duty.

The French statement of claim also alleged the tort of misfeasance in public office. For the purpose of the preliminary issue the minister accepted the allegations that the purpose of revoking the licence was to protect English turkey producers; that he knew his act was a failure to fulfil UK obligations under Article 30 and would injure the French; and that he knew that protection of English turkey producers was not the purpose of his powers.

He submitted that the allegations did not combine to constitute the tort of misfeasance in public office, in that there was no allegation of malice. The French submitted that it was sufficient to establish the tort if a defendant knew his conduct was beyond his powers and would injure the plaintiff and it did.

There was no English authority on the point. In *Farrington [1959] VR 286* Mr Justice Smith in the Supreme Court of Victoria said that in order to establish a cause of action for misfeasance in public office, it was not necessary to show malice.

There were a number of English cases to the effect that the tort of misfeasance in public office was committed where the officer's conduct was actuated by malice, but his Lordship did not read any of the decisions as precluding the tort where the office actually knew he had no power to do what he did.

There was no sensible reason why the common law should not afford a remedy to the injured party

Nor was there any sensible distinction between the case where an officer performed an act he had no power to perform, with the object of injuring A (which the Ministry accepted was actionable at the instance of A), and the case where he performed an act he knew he had no power to perform with the object of benefit to B but which had no foreseeable and actual consequences of injury to A. Each case was actionable at the instance of A.

Accordingly, the statement of claim disclosed a cause of action.

*For the plaintiffs: Richard Buxton QC and Christopher Vajda (McKenna & Co)*

*For the ministry: Patrick Mayhew QC, Peter Scott QC, Peter Langdon-Davies and Stephen Aitchison (Solicitor, Ministry of Agriculture, Fisheries and Food)*

**RACHEL DAVIES**
*Barrister*

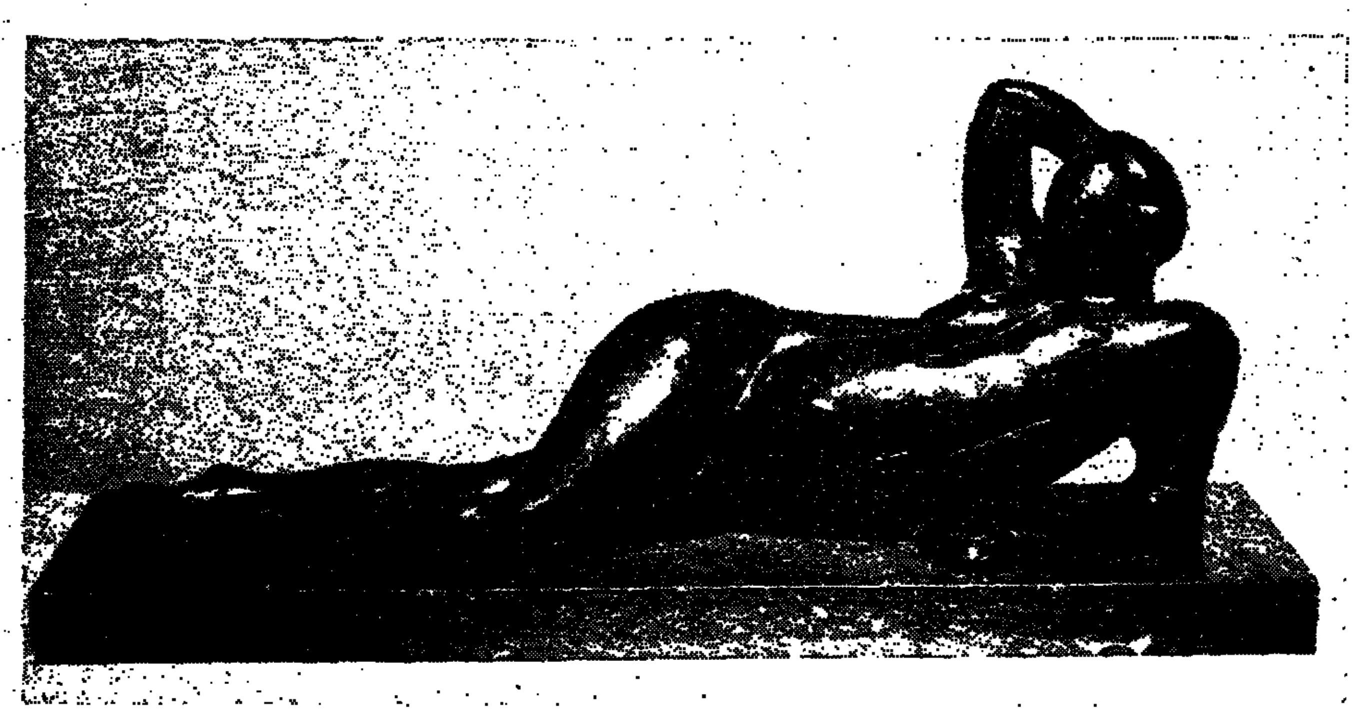
# THE ARTS

## The Hayward Gallery/William Packer

# Matisse makes the case for Art

A major exhibition of the work of Henri Matisse must always be news: the Arts Council and its affairs are often news: and so it is with the Greater London Council, with which any imbroglio is bound to be, at the very least, a nine-days wonder. The coincidence of the three is indeed unusual, and may best be treated in its several parts, the most important, which is to say the Matisse, first.

At the Hayward Gallery (until January 6), in an unique combination, the Arts Council gives us two extraordinary exhibitions, both of which are distinct academic exercises in themselves, and ambitiously definitive besides; and yet brought together, so fused as they are here, they afford rather more than the expected sum. The complete Sculpture, all 69 bronzes of it, has been collected for the very first time in this country, and having been shown already in Edinburgh, it goes on to Leeds in the New Year. The retrospective study of the drawing, by its very scope and the importance of the works is celebrates, is the first of its kind to be seen either in London or in New York, where, to the Museum of Modern Art, it goes in the spring. Here, in tandem for the only time—and they do indeed ride together, for there is no formal separation in the display—they set each other off wonderfully, in mutual complement and embrace, to inform our understanding of Matisse, the complete artist.



Reclining Nude III, 1929, by Matisse

That sculpture and drawing should go so well together is hardly surprising, for it has become an unconsidered commonplace of criticism, as even they themselves would now admit, that all sculptors are, by some special virtue of their discipline, fine draughtsmen. Well, yes and no; but rather more remarkable is the uncontested fact that some of the greatest sculptors of modern times have been painters—Degas, Picasso, Miro, and of course Matisse.

But the case of Matisse is perhaps more remarkable still, for though he never swerved from his first ambition as a painter, sculpture remained for him a major if intermittent preoccupation, and was never more important to him than in the first decade of this century, which was the period of his first maturity as an artist. In 1900 Matisse was barely 30 years old, and having come comparatively late to his vocation as an artist he was still something of the [illegible] yet, as Mlle Isabelle Monod-Fontaine, of the Centre Pompidou, makes clear at the very start of her admirable monograph on the subject (which volume is de facto half the catalogue to the show: Thames and Hudson/Arts Council in hard and paper-back—John Elderfield's, of the Museum of Modern Art, the companion volume on the Drawings), the next ten years saw the production of more than half his entire sculptural *oeuvre*.

From the very start his creative authority in the medium is manifest, notwithstanding the evident influence upon him of Rodin and his circle, and Degas, in the earliest pieces especially, and in all it represents a major contribution to the development of modern sculpture in that heroic age. But Mlle Monod-Fontaine goes on to give Matisse's own unequivocal declaration that always he sculpted as a painter, not as a sculptor; and speaking herself of the dialogue in his work of this time between painting and sculpture, she asserts that close as they were, even so it was the painting that led.

But perhaps we think too much of the painting, and of the inter-relation of imagery, and certainly this exhibition, with its renewed emphasis upon the relation of sculpture to the fundamental medium of drawing, gives us pause. The very earliest drawings shown here, a large charcoal drawing of a standing nude dating from 1900 especially, evince still the presence of 19th Century academicism, and where this is not felt, there is instead a tentative probing, at second hand as it were, towards the freedoms of expression achieved by other artists—Van Gogh, for example. Suddenly there is the scupture; and suddenly the inhibition is broken, and it is the drawing taking up the freedom, simplicity and adventure of the sculpture that we see, not the other way about.

The sculpture thereafter comes in bursts of activity, extending sometimes over a year or two, taking up the eternal themes of the figure—reclining, standing, sitting, curling and twisting; or the simple portrait head simplified *en serie*. The form is explored in three dimensions which can only be proposed in two, and the image thus stretched and tested, and in the most curious way liberated.

The thought is not lightly dismissed that for Matisse sculpture was not a discrete discipline but rather a most valued therapy, by which his painterly and graphic energies were from time to time to be renewed. We hear much of Matisse the colourist, but of all great painters he is the most graphic, his surfaces always most positively drawn before they are painted, the drawing being largely his process of painting. For him as for most artists, the media drawing and sculpture are essentially monochromatic, the form and image realised by the play of light and shade, and the fixing of a contour. With every piece of sculpture he made, Matisse moved forward to a new directness and simplicity of expression, to be confirmed in his work at large. His painting could not have been achieved without his drawing, nor that in turn without the sculpture: and through them all he achieved a consistent monumentality.

This is a most beautiful and moving exhibition, one of the finest that the Arts Council has ever put into the Hayward, and one that would require several articles to dilate upon fully. Given the Council's present local difficulty with the GLC, it could hardly have come at a better time, for it demonstrates as well as anything possibly could the peculiar virtues of the Gallery, the distinctive use to which it is put by the Council, and its importance to our Society at large.

Great Art is not of itself elitist, to use the current jargon; but it is not mere entertainment and it is likely to make considerable demands upon those who choose to approach it. Everyone is free to accept those demands, and test himself against them. But not everyone will choose to do so, and to consult the immediate interest of that majority in the name of relevance and accessibility and community is to betray them all—art, intelligence, and humane experience alike.

Mr Pitt and His Arts Committee have yet to tell us quite what they propose to do with the Hayward, once they call in the lease six months from now. But from their vague and general statements it is clear that a national resource, one moreover of the widest international standing, is to be appropriated to something rather more parochial. It is to be administered, we gather, by a policy of communal therapy and distraction, against which all considerations of excellence are distrusted as exclusive and divisive. Openness and relevance—that word again—and, above all, participation are all, as though one does not participate in a work of art by taking the simple trouble to confront it.

The Arts Council has taken legal advice, believes it has a case under the (ahem), relevant legislation, and is to try to resolve the matter as quickly as possible. The Hayward is the most difficult of galleries to use, but in some 16 years of experience the Arts Council first coped with it and then mastered it. We must hope, as much for the mess the GLC will make of it as for the treats to which the Arts Council has already committed it, that any judgment goes in its favour.

## L'Etoile/Opera-Comique, Paris

**Max Loppert**

The 1984-85 season at the Opéra opened with a new production of Verdi's *Macbeth* at the big theatre, and of a rare and wonderfully welcome work of French *opéra-bouffe* at the small. Among composers of second rank, few are capable of arousing greater affection or stronger devotion than Chabrier. Every bar of the music—even the odd bar that the devotee will admit to being among the less well-managed—carries his stamp. His genius for making harmonic movements and melodic phrases of sweet-sour delight, for creating textures at once airy and warm, for infusing tenderness, gaiety, and a sense of well-being into the slightest trifle: for these things, and many others as well, Chabrier is often saluted. The fact that his music is less often heard than it should be is, therefore, a puzzlement.

In the matter of Chabrier's operas, a Libretto Problem is often aired. It is most obvious in *Gwendoline* and *Le Roi malgré lui*; and it is no doubt the reason most quickly deduced for the fact that *L'Etoile* (1877), first of the completed mature theatre works, crops up so seldom. In truth, as an already finished *opéra-bouffe* vehicle that two well-known writers succeeded in passing off on Chabrier after much previous hawking around, the libretto of *L'Etoile* is not very distinguished, lacking in satirical edge and comic focus to sustain its many complications. It must be the mark of the success scored at the Opéra-Comique by this latest revival (only the 31st there, and the first since 1946) that the problems became so easy to discount and the pleasures of the evening so easy to take.

The production, shared with L'Opéra de Lyon, is in the hands of the Lyon Director-General, Louis Erlo (with Alain Maratrat as collaborator) and in the designs of Erlo's familiar partner, Jacques Rapp. It is very good to look at. In place of the original oriental-fairytale prettiness of the Thirty-Six Kingdoms of which Ouf I is king, the designer has invented a cool modern tourist-hotel Levant setting, with hints that oil riches are flowing into the kingdom coffers.

There are a host of visual jokes throughout, witty and lively. But, as so often when the French revive their own comic-opera treasures, the temptation to overdo the cleverness appears to prove hard to resist. Repeated entrances and exits at all stations of the auditorium become quickly less enjoyable if one is ill-placed, as I was to see most of them; and the general desire to keep things on the boil, though it left not a moment to notice the flimsiness of the situations, led to a stage generally overmuch *mouvementé*.

The entrance number of Lazouli, the travesty pedlar-hero, is the romance "O ma petite étoile"; joining as it does the worlds of Offenbach and Poulenc, it sums up everything one loves about Chabrier. It was therefore a pity that during it business with a bicycle and a candle was provided as distraction. When, later on, King Ouf's robe got caught in the same bicycle, it came as a judgment on the producer which only some marvellous legerdemain on the part of Michel Sénéchal managed to mitigate.

The reason one's readiness to irritation was allowed no further encouragement owed everything, indeed, to the excellence of the cast. Mr Sénéchal remains a peerless master of the lightly absurd, of the delicately ridiculous (especially in the company of Jules Bastin as his mournfully rotund court astrologer); the veteran tenor was in excellent voice. Laoula, the soprano heroine, was played and sung with enchanting unforced sweetness by Véronique Dietschy; and though Colette Alliot-Lugaz's Lazouli was slightly handicapped by having to deal out Harpo Marx whimsy, as well as by a voice more light-soprano than mezzo (and thus too fragile for the many lower-lying phrases), there is an effortless distinction about everything Miss Alliot-Lugaz does — we know it from her Glyndebourne appearances —that compensated for any passing defect of action or voice.

John Burdekin, a young English conductor active on the Continent, led a sound, slightly under-nuanced reading (but how right and bracing the characteristic French woodwind forwardness sounds in this music and in this lovable small theatre). The show is scheduled to continue with several cast alternatives, until early November and then again in late December. It deserves a happy and successful run.

## Benson and Hedges Gold Award/Covent Garden

**Richard Fairman**

It seems unlikely that the judges needed the full thirty minutes to decide the winner of this year's Benson and Hedges Gold Award singing competition. From the moment she began her opening song—Tchaikovsky's "Yearning, alone I wait," sung with an impeccable feeling for the vocal line—the Polish soprano Joanna Kozowska put herself at the head of the competition.

It has often been remarked that to be an opera singer you need three requirements: voice, voice and, lastly, voice. Miss Kozowska has all three. Though not large, her voice is beautiful and exceptionally even; and in addition she has learnt the art of binding the sound as it moves from one note to the next. (One phrase in the Tchaikovsky song on a repeated A flat was an object-lesson in legato singing.) Such a combination of gifts makes her an ideal singer for slow, limpid melodies.

That she knows this is her trump card is quite clear, as she played it in every item. All three of her songs were slow and dreamy; so were her operatic choices of Rusalka and Liù from Puccini's *Turandot*. Even in the latter's suicide aria there was little sense of drama. At the climactic line "per non vederlo più" she deftly tucked the consonants aside and vocalised (most beautifully) on the final notes. As an interpreter, she has barely lifted the veil on what she can—or perhaps cannot—do.

Both the second prize and the special award for concert singing went, more questionably, to the Danish soprano Tina Kiberg. This was altogether less impressive vocal material, lacking depth of tone and with a fast vibrato at the top. Schoenberg's 'Ewartung' (the song not the melodrama) hung fire; a song by Sibelius lacked expansiveness. As Tchaikovsky's Tatyana, she gained confidence but still sang notes rather than phrases. One sensed untapped resources of voice and feeling.

The British bass William Mackie might well consider himself unlucky only to have taken the third prize. His is a warm lyric bass extending from a resonant low G to high F sharp, heard in the Calumny aria from *The Barber of Seville* which he sang in the higher key of D. Some lack of dramatic tension might have told against him. The fourth prize went to Young-Hee Kim from South Korea.

## Rosencrantz and Guildenstern are Dead/Bristol Old Vic

**B. A. Young**

Tom Stoppard's play is becoming as familiar as *Hamlet*, but *unlike* Hamlet, it has no great star part to measure it by. Nor are their witty exchanges of conversation, apart from one or two, borrowed from Shakespeare. What we have is a series of philosophic meditations on situations from *Hamlet*, some important, some trivial. I had some sympathy with the grey-haired lady leaving the theatre just in front of me, who said: "It's very funny, but I don't know what it's all about." Except that I *do* know what it's all about, because I know *Hamlet*.

This is vital. Shakespeare's leading characters make no more than fleeting appearances, and you should know what there is about them that you are not shown. When, for instance, Hamlet (Graham Pountney) drags a prone Polonius (Ronald Russell) across the stage, leaving a trail of blood, you must remember that he has just stabbed him and told his mother, "I'll lug the guts into the neighbour room."

What is good about this very good production under Paul Unwin is that you can feel Shakespeare in the background. You are as much bewildered as Rosencrantz and Guildenstern are as to why they have been sent for. The whole familiar tale goes by off stage, yet Rosencrantz and Guildenstern never understand why they are there, why they have to escort Hamlet to England, why they are to be put to death when they get there. We in the audience know, the unhappy duo never.

Mark Buffery and Richard Kay play those two featureless young courtiers, distinguishable only by the colour of their jerkins, with much skill. Their lines are only the most trivial, brief sentences in modern English, but they give them just the weight, or the buoyancy, that they need by their impeccable timing. This is how they put so much significance into their arid conversation, which ranges from simple games of chance to murder, exile an! attacks by pirates.

Mark Buffery and Richard Kay

Paul Imbusch, as the First Player, has the most important lines in the play with his observations on acting and on death yet without becoming any more important, texturally, than Rosencrantz and Guildenstern. He is first class, even if his company looks a down-at-heel bunch. It was a surprise to hear Mel Warren as Alfred, their "female" lead, speak in a baritone voice; he looks as if he were still at Italia Conti's (which in fact he is).

Su Bentinck's decor gives us a hollow white box with nine doors—nothing to distract our attention from the scene that our imagination should create, apart from the rails and the tubs on board ship when we put to sea. The costumes are of the 16th century rather than the 12th; but then they usually are.

## Tennstedt and Bolet/Festival Hall

**David Murray**

First thing Sunday afternoon, the London Philharmonic under Klaus Tennstedt delivered Weber's *Oberon* Overture so keenly and imaginatively (how often does it get more than a competent run-through?) as to whet expectations for the rest. Expectations weren't disappointed: the rest consisted of the Schumann piano concerto with Jorge Bolet and the "Great" C major Symphony of Schubert, and in quite different ways the performances offered great rewards.

Though Bolet is an authentic virtuoso, nobody who has followed his recitals in recent years would have expected him to impose fireworks upon the Concerto. (I still wince to recall that when a colleague at the Edinburgh Festival had passed up a Bolet appearance and I expressed surprise, he retorted: "Bolet? but he's just *fingers*, isn't he?") In fact the first two movements of the Schumann were richly reflective, unhurried, and as *affetuoso* and *grazioso* as one could wish; powerfully incisive when that was needed, but otherwise pure Schumann chamber-music, lit up with personal touches—notably two tantalising *decrescendi* where ordinary pianists always aim to screw up the excitement — and unfailingly beautiful sound.

In all this Bolet was ready to slip as required into the role of mere orchestral contributor, and Tennstedt repaid the compliment by matching his soloist's reading with the utmost sympathy. That resulted in the most ripely balanced and searching account of the first movement that I have heard in years, and an Intermezzo of teasing delicacy. The Finale was more problematic: Bolet's present taste for leisurely tempi in music he loves gave us something considerably less than Schumann's "Allegro vivace"—maybe a "Maestoso ma leggiero"—and though Tennstedt ensured that his strings answered faithfully to Bolet's deliberate articulation of the main theme, the effect was less buoyant than the composer surely intended.

By contrast Tennstedt's Schubert Ninth was swift and fiercely urgent throughout, driven by convincing demons. Even the Andante—"con moto" with a vengeance—crackled dangerously, and yet no lyrical element was underplayed. It was a musical *tour de force* that fulfilled the promise of Tennstedt's fine "Unfinished" Symphony last Thursday. There was no temptation to wallow in the "heavenly length," and anyhow Tennstedt pared the repeats to the statutory minimum. He employed quadruple woodwind, but saved them for a searing Finale, a relentless Dance of Death from start to finish (superbly played); it expired—brilliant stroke!—upon a *diminuendo* final chord.

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 5–11

## Opera and Ballet

### LONDON

**Royal Opera**, Covent Garden: The new Tannhäuser is a no more successful production than the previous two postwar efforts in this theatre; the cast, which includes Klaus König and Spas Wenkoff alternating in the title role, can at least boast in Thomas Allen a Wolfram of legato beauty and finesse. The Don Pasquale revival introduces four new principals – Mario McLaughlin, Russell Smythe, Alejandro Ramirez, and Rolando Panerai in the title role. (240 1066).

**English National Opera**, Coliseum: a basic repertory week for the ENO – The Barber of Seville, Massenet's Manon and the new Madam Butterfly. (836 3161).

### PARIS

**Macbeth** conducted by Georges Prêtre in Antoine Vitez' new production with Renato Bruson alternating with Franz Grundheber in the role of Macbeth and Shirley Verrett alternating with Ghena Dimitrova in that of Lady Macbeth. Paris Opéra (266 5022).

**Luciano Berio's Passaggio** and A-Ronne as one-hour opera at 8.30pm at the TMP-Châtelet (233 4444).

### WEST GERMANY

**Berlin**, Deutsche Oper: Premiering this week is Die Walküre, the second production of the new Ring cycle by Götz Friedrich. It brings together Wagner specialists Catarina Ligendza, Julia Varady, Peter Hofmann and Simon Estes. Also this week Das Rheingold with Cheryl Studer, Diane Curry, Simon Estes and Matti Salminen. Don Giovanni is sung in Italian, Don Carlos has Ilona Tokody and Stefania Toczyska for the first time in the main parts. It is a Gustav-Rudolf-Sellner production (34 381).

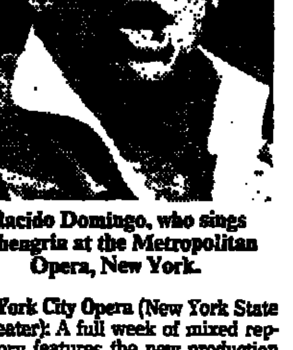
**Hamburg**, Staatsoper: Donizetti's rarely played Der Liebestrank is steered to triumph by Barbary Bonney as Adina. The Magic Flute has fine interpretations by Carla del Re as Queen of the Night and Harald Stamm as Sarastro (351 151).

**Cologne**, Opera: The highly acclaimed television production of La Gazza Ladra, sung in Italian, returns to the programme with Alberto Rinaldi and Janice Hall. Tosca has Maria Slatinaru in the title role (20 761).

**Frankfurt**, Opera: Der Freischütz is worth a visit with Helena Döse and Walter Raffeiner in the main parts. Madame Butterfly has Yoko Watanabe excelling in the title role. Eugen Onegin, newly produced by Alfred Kirchner, features Benjamin Luxon in the title role and Helena Döse as Tatjana. (25 621).

### NEW YORK

**Metropolitan Opera** (Opera House): The season's opening repertory includes James Levine conducting August Everding and Ming Cho Lee's production of Lohengrin with soprano Anna Tomowa-Sintow and tenor Placido Domingo; Nello Santi conducting Rigoletto; Neeme Jarvi conducting Eugene Onegin and Julius Rudel conducting Les Contes d'Hoffmann in Otto Schenk's production with soprano Gwendolyn Bradley, mezzo-soprano Ariel Bybee, and bass James Morris. Lincoln Center. (362 6000).



Placido Domingo, who sings Lohengrin at the Metropolitan Opera, New York.

**New York City Opera** (New York State Theater): A full week of mixed repertory features the new production of Sweeney Todd directed by Harold Prince and conducted by Paul Gemignani; Lakme with soprano Gianna Rolandi, mezzo-soprano Susanne Marsee and Tenor Barry McCauley is directed by Fabrizio Melano and conducted by Imre Pallo; and Rigoletto directed by Frank Corsaro conducted by Mark Flint. Lincoln Center (870 5570).

**Next Wave Festival** (Brooklyn Academy of Music): Meredith Monk and Ping Chang collaborate on a mixed media science fiction work called The Games to inaugurate this year's festival. (636 4100).

### CHICAGO

**Lyric Opera** (Civic Opera): The company's 30th season opens with Eugene Onegin conducted by Bruno Bartoletti with Mirella Freni as Tatiana and Wolfgang Brendel in the title role in Pier Luigi Samaritani's production; and Willy Decker's production of Arabella with Kiri Te Kanawa in her local debut and Ingvar Wixell as Mandryka, conducted by John Pritchard. (332 2244).

### VIENNA

**Staatsoper** (5324/2655): The Flying Dutchman; Tosca with Veronelli and Milnes; Richard Strauss' Capriccio conducted by Hollreiser with Schreier.

**Volksoper**: (5324/2657): Martha by Von Flotow; Hello Dolly conducted by Rudolf Bibl; The Merry Wives of Windsor.

### NETHERLANDS

**Amsterdam**, Stadsschouwburg. A Netherlands opera production of Parsifal directed by Göran Jarvefelt, with the Hague Philharmonic under Hans Vonk and soloists Heinz-Jürgen Demitz, Jan Derksen, Guus Hoekman, Manfred Schenk, and Henk Smit (Wed). (24 2311).

**Scheveningen**, Circus Theatre. Netherlands Dance Theatre with Jiri Kylian's Heart's Labyrinth (Schönberg, Webern and Dvořak) and Wiegelied (Berg's Violin Concerto), with Hans Van Manaen's Squares (Satie). (55 8800).

**Amsterdam**, Carre Theatre. The acclaimed national ballet presentation of Romeo and Juliet choreographed by Rudi van Dantzig. From Thur. (225 225).

### TOKYO

**Rudolf Nureyev and Vienna Staatsoper Ballet**: with Eva Evdokimova, Japan's renowned Yoko Morishita and others. A miscellany entitled An Evening in Vienna. Tokyo Bunka Kaikan (Mon, Wed) (571 1689).

### ITALY

**Venice**: Gran Teatro La Fenice – Der Ferne Klang – (The Distant Sound) – and an opera in three acts – sung in the original language and conducted by Gian Luigi Gelmetti (the music is by Franz Schreker). This is a new production directed by Giorgio Marini with scenery and costumes by Lauro Crisman. (25 191).

**Pisa**: Palcoscenico Giuseppe Verdi: The autumn opera season opens here with what is expected to be an innovative production of Tosca by the actor, Luigi Proietti. The conductor is Reynald Giovanninetti, and the scenery and costumes by Quirino Conti. Tosca will be sung by Olivia Stapp. Cavaradossi by Nicola Martinucci and Scarpia by Silvano Carroli. Tickets available only direct from theatre in Via Palestro 40 (open 10.00 to 1.00 pm and 5.00 to 8.00 pm).

## Film festival / New York

**Frank Lipsius**

When the New York Film Festival was started in the early 1960s, it made its reputation for widening the American audience for foreign films. Later, the festival prided itself on discovering the domestic independent film makers.

This year's line-up seems to signal a belated cinematic gesture to catch up with playwright and actor Sam Shepard. The festival opens and closes this year with Shepard films *Country* and *Paris, Texas*, though the meat of this all-American sandwich follows the festival's sensible format of showing films unlikely to get American distribution, whether documentaries, foreign films or shorts.

Also included are winners of other festivals, like Bertrand Tavernier's low keyed *A Sunday in the Country*, winner of best director at Cannes, which follows the slowing down of the elderly Louis Ducreux as painter M Ladmiral, surrounded by family and Edwardian elegance.

A grand special jury prize at Cannes was won by Marta Meszaros's *Diary for My Children*, when takes advantage of civil liberty gains in Hungary to delve into its Stalinist past. For those unfamiliar with the cynical and detailed view Hungarians take of the early post-war period, the film will be a revelation. But it is familiar territory to those who saw *Angi Vera*, the more impressive *Horse Farm* or the satiric *Witness*, all Hungarian films about the despotic Rakosi era.

*Diary for My Children* is as mawkishly confessional at the title implies. There can be little mileage left in the predictable story of a Hungarian prison guard whose brutality at work inevitably rubs off on the family. If there is any surprise here, it is the fact that the prison official (Anna Polony) is a woman who moves from publishing to the prison job while raising a young teenage step-daughter (Zsuzsa Czinkoczi). The girl gets rebellious, as would be expected of a Spartan and moralistic household like the step-mother's. The final cruelty of the step-mother's having the girl's accomplices arrested is no less banal for its truth (or at least, its possibility).

In its continuing service to taste, if not test, the mood in Eastern Europe, the festival has films by two Poles, Andrzej Wajda and Wojciech Marczewski. Wajda's French-German coproduction based on Rolf Hochhuth's novel of the same name, *A Love in Germany*, takes place during the war, when Hanna Schygulla as a German shopkeeper falls in love with a young Polish prisoner of war (Piotr Lysak) while her husband is about to go to the Eastern Front to fight. With a cameo role for Daniel Olbrychski as a Polish schoolteacher told to hang the offending Polish lover, the film gives a sympathetic view of those Germans who wanted to live as normally as possible in spite of neighbours' and national pressures to conform.

As the events of the past are dragged up by the shopkeeper's son to piece together his mother's fate, the story moves to its inexorably tragic conclusion. Hanna Schygulla lapses out of playing the passionate lover and slips into her distant enigmatic look, though she is supposed to keep up the red-hot romance to the end, when both lovers refuse to mitigate their guilt or make amends.

Marczewski's *Shivers* shows the way to become a true believer that a young man follows when he falls in love with his stern but beautiful teacher. Shown at the Berlin Festival three years ago, before martial law in Poland, it has taken this long for re-release, though the film seems very much of its subject's time, 1955, with romance substituting for any hard-boiled moralising that might look like taking sides. Like the other East European films, *Shivers* shows a penchant for inevitable tragedy rather than cheerful or even bleak comedy, a reflection perhaps of the East European mood.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Tuesday October 9 1984

# Mr Scargill's strike

THREE ISSUES are at the heart of the coal strike. The first is the inefficiency of the British coal industry. The second is the power of the National Union of Mineworkers to impose its will on the rest of society. The third is whether the Government can keep its nerve and in the end achieve a rational solution. Mr Peter Walker, the Energy Secretary, has an excellent opportunity to deal with those questions when he addresses the Conservative Party Conference in Brighton this afternoon

The National Coal Board receives large subsidies from the Government to keep high cost pits in operation; the burden falls on the taxpayer and the electricity consumer, domestic and industrial. Competition from non-NCB sources of coal, both within the UK and *from imports*, is severely limited.

There is also a political legacy going back over many decades. Although the NUM co-operated in a sharp contraction of the industry in the 1950s and 1960s, it reverted to a more militant stance in the early 1970s. The strikes of 1972 and 1973-74 ultimately brought down the administration of Mr Edward Heath.

### Inefficient

It then became the conventional wisdom that an outright confrontation with the miners was to be avoided at all costs. In 1981, for example, Mrs Margaret Thatcher backed away from an accelerated programme of pit closures when it seemed likely to provoke a national strike. The substitute for an efficient industry was a cosy relationship between the Coal Board and the union in which each side relied upon the other not to go too far

It was the equivalent of a no-strike agreement in return for special treatment. There was, however, a price to be paid. The industry remained inefficient and the strike threat always remained in the background.

How long this unstable, and fundamentally unhealthy, equilibrium could have lasted is doubtful. It was brought to an end by two events: the election of Mr Arthur Scargill as president of the NUM and the appointment of Mr Ian MacGregor as chairman of the NCB.

It was Mr Scargill who organised the mass picketing which closed the Saltley coke depot in 1972. He makes no secret that he sees the miners' struggle as part of the class war, nor is he opposed to (indeed he rather favours) extra-Parliamentary methods. Moreover, the fight is no longer about wages or even about working conditions. It is about the union's insistence that no pit can be closed unless it is physically exhausted. The striking miners' case has won more sympathy than it might have done because of the continuing rise in unemployment throughout the country.

An experienced and successful businessman, Mr MacGregor in turn did not conceal his own intention to turn British coal into a normal business — and that was the brief he was given by the Government. It was this general approach to the industry rather than any specific closure plans, which were in any case similar to those carried through by his predecessor, that gave Mr Scargill his opportunity.

Thus the stage was set for a confrontation which the Government did not engineer, probably *wished* to avoid, but knew might happen. By the standards of any ordinary industrial dispute, it would have been ended long ago. The NCB has gone to the brink, and sometimes beyond, in seeking a reasonable settlement. But it has always been turned down.

It is possible that the latest talks involving Acas offer a way out. Certainly that is what a number of other trade union leaders, who have been less than wholehearted in their support of the miners' strike, would like to see. It should never be forgotten either that throughout the dispute around one third of the miners have remained at work and some have taken court action against the union leadership. Mr Scargill's case is less than compelling even to some of those in the coalfields.

### Court action

What the Government and the country have to brace themselves for, however, is the chance that he will go on saying "no" to any reasonable terms.

In such circumstances, the Government would have no choice but to seek to uphold the law, to protect the economy as far as possible from the effects of the strike and to go on explaining its case as best it can to the country at large.

There is one other step that the Government could take. It could begin to facilitate coal imports and to step up non-NCB production; for example, on the open-cast sites. In short, it could let the market have a say. For there should be no equivocation. This is Mr Scargill's—not the Government's nor the Coal Board's—strike.

# Dr FitzGerald consolidates

THE Irish National Plan announced last week has not had a very good press, and it is certainly true that, after long gestation, the results are pretty unexciting. The strongest economic measure is no surprise: the Government remains determined to enforce its one-year pay freeze in the public sector, despite inflation running at more than 7 per cent, and this is the major element in the plan to reduce the burden of public sector borrowing on the Irish economy. For the rest, there are to be higher charges for publicly provided services — private health care in state facilities, school buses, posts and telephones and the *like* — and a move away from subsidies towards taxed cash benefits, and some reshuffle of indirect taxes. Britain has known one-year Budgets more radical than this; as a three-year Budget, it is quite remarkably undramatic.

### Cautious plan

However, although the lack of drama has caused some frustration among commentators in Dublin, this stability, if it can be made to stick, is a striking achievement. It means the painful fiscal squeeze of the first two years of Dr Garret FitzGerald's term of office is now complete. The National Planning Board has in effect endorsed the basic fiscal strategy and concluded that, given growth projections which look quite modest, the national recovery should be sustained without any further major changes. An assurance of stability can only improve the chances—though, as we must repeat, a great deal is staked on the success of the Government's fierce squeeze on public sector incomes.

On the published statistics, the plan looks decidedly cautious. Industrial production, especially in the technically advanced sectors, has been rising strongly. industrial exports have been growing at 12 per cent annually, and are still rising at a strong though less frantic pace, and the current account deficit has been reduced to a level which even the Government's critics regard as easily manageable. Most governments would be inclined to celebrate such progress with more than a standstill.

However, if the economy has one vulnerable frontier with the trade unions, it has another along the Ulster border; and the volume of illicit movement of goods across this border puts all these cheerful statistics in some doubt. This is tacitly conceded in the decision to cut duty on spirits; the austerity levels of duty were being evaded on a massive scale by smuggling the Republic's own products back across the border and a cut in duty may well produce a rise in revenue.

*Similarly, though more laboriously,* Irish shoppers have been avoiding the high VAT rates on electrical equipment. Even farm statistics are in doubt when tankerloads of surplus Ulster milk are driven south to share the advantage obtained for Irish farmers when EEC milk quotas were cut. These distortions, which tend to overstate both the austerity suffered by the Irish consumer and the improvement in the trade account, may well total more than 2 per cent of GDP.

### Distortions

Despite these distortions, there has quite certainly been a marked improvement in Irish economic performance; but full confidence in the new plan must remain provisional. Meanwhile the Government is launching a modest but well-directed plan to reduce unemployment—almost the highest in Europe— through accelerated spending on roads and construction, and by higher spending to create wider educational opportunities. This demonstration of how to make an austere message more acceptable could be studied with advantage in other countries.

U.S. presidential election

# One up to Mondale, but the gap is huge

Reginald Dale, U.S. Editor in Washington, on the big debate

Mondale: no knockout

Reagan: no major gaffes

AFTER weeks in the doldrums, Mr Walter Mondale has finally managed to find a puff of wind for the limp sails of his campaign sloop. But he has little time and an apparently impossible distance to catch up if he is to overhaul President Ronald Reagan's stately galleon by November 6.

The Democratic challenger's previously down-hearted supporters hailed his performance in Sunday night's Presidential debate as a new start. "The most important night of this campaign," said Mr Bob Beckel, the Mondale campaign manager, of his candidate's first face-to-face encounter with Mr Reagan on nationwide television in Louisville, Kentucky.

There was little of the direct confrontation that Mr Mondale had originally sought. It was not, strictly speaking, a debate -more a joint press conference with opportunities for "rebuttals." The tone was mostly mild-mannered and polite. Mr Reagan made no major gaffes and Mr Mondale did not score a David and Goliath-style knockout. Predictably both camps confidently asserted that they had won—and both duly held "victory" parties immediately afterwards.

It will take days for the verdict of the over 100m American viewers to work its way through to the opinion polls. But first impressions were that Mr Mondale, with a relaxed and confident style, had finally done himself some good—in an event in which impressions are more important than substance.

Mr Reagan appeared nervous at the beginning and tired at the end—and more defensive than he needed to be with most opinion polls predicting his re-election by a landslide. He stumbled awkwardly over figures that he would have done better to leave alone. It was not one of his best performances.

For the Mondale strategists, the "debate" went more or less according to the increasingly desperate game plan they have set for the final 30 days of campaign '84. It showed, they said, that their candidate could stand up to Mr Reagan, engage the electorate and "take command."

The results, they hope, will be a reduction of perhaps 5 or 6 per cent in Mr Reagan's lead in the opinion polls in the next few days. Last week, four major polls put that lead variously at 17, 18, 23 and an astonishing 28 percentage points.

The Mondale plan takes the longest figure as the starting point. It insists that the impact of the debate, pressed home by a spirited Ms Geraldine Ferraro in the vice-presidential round with Mr George Bush on Thursday, can narrow the gap to single figures. Mr Reagan will then be under pressure and Mr Mondale will use his second debate with Mr Reagan on October 21 to expose his vulnerability on foreign affairs. The Democrats who have deserted him will then come flooding back to produce one of the great surprises of political history.

There are several things wrong with this scenario. It relies far too much on the debates. It counts on an unprecedented swing in the final 30 days. It acknowledges that after almost four years of running for the Presidency, and 15 years of prominence in public life, Mr Mondale is still trying to prove that he is really "Presidential." And it reflects the dismal failure of the campaign so far.

The unanimous verdict of political analysts so far is that Mr Mondale, despite valiant efforts, has simply not been "getting his message across." It is a view shared by even his most loyal supporters, and, at least until Sunday night, largely by the candidate.

Mr Mondale has made numerous attempts to cope with the problem: he has reshuffled his campaign team, cracked down on sloppy advance preparation of his campaign appearances, tried to challenge Mr Reagan more directly on the issues and resuscitated on the stump the "fighting Fritz" persona that finally turned the tide against Senator Gary Hart of Colorado in the Democratic primaries.

On the campaign trail, where most Americans glimpse him nightly on the TV news, he has been tougher in his attacks on Mr Reagan, but he still gives the impression that he is pulling his punches. He will not, as the American press constantly points out, "go for the jugular" (unless, as one columnist unkindly remarked last week, it his his own). He declines to make personal attacks on Mr Reagan—or even raise the 73-year-old President's age as a possible ground for concern

Last week, Mr Mondale appeared to be criticising Mr Reagan for incompetence. Pressed on the point, he withdrew. In Sunday's debate he went out of his way to be nice. He thanked Mr Reagan for accepting the challenge, and gave him elaborate credit for raising the "spirit, morale and good feeling" of the American people (although he added that that was not enough).

Before his upset victory in 1948, Mr Harry Truman, the patron saint of underdogs, was lashing into Mr Thomas Dewey's Republicans as "bloodsuckers" and the "gluttons of privilege." Mr Mondale and his team are invoking the ghost of Mr Truman to show that staggering come-from-behind triumphs are possible. But Mr Mondale goes no further than to accuse Mr Reagan of "governing with a smile button" and suggesting that his administration contains some "tacky elements."

On Sunday, his most effective crack at Mr Reagan was the repetition of a famous remark by Will Rogers, the American folk humourist of the 1920s and 1930s, who said of President Hoover: "It's not what he don't know that bothers me. It's what he knows for sure and just ain't so."

But 1984 is not 1948. Mr Mondale is far further behind than Mr Truman, who trailed Mr Dewey by only about six points at this stage. Perhaps more importantly, while Mr Dewey was not President, Mr Reagan is, and Mr Mondale allows himself to be inhibited by it.

**Reagan appeared nervous at the beginning and tired at the end: not a great performance**

He has been constantly warned that too direct a personal assault on Mr Reagan will backfire, and he clearly believes it. Americans do not like to see their President slighted, any more than most Britons enjoy personal insults to the Queen. Above all, Mr Reagan is widely respected and genuinely popular with the majority of Americans.

But if Mr Mondale is not to attack Mr Reagan personally, he is limited to criticism of his leadership, his style of government and his policies. And here he has several problems. Mr Reagan has so far constantly and heavily outpolled Mr Mondale on the "leadership" issue—indeed it is arguably his strongest suit.

As for his relaxed style of government, there is every indication that that is widely popular too. The allegations of scandal and impropriety that have dogged many members of his Administration (the latest being criminal charges against Mr Raymond Donovan, the Labour Secretary, last week) have failed to rub off on a man now widely known as the "Teflon-coated" President. And the same has so far applied to what the Democrats see as disastrous foreign policy failures, whether in Lebanon or Central America.

The heart of Mr Mondale's problem is that he finds it impossible to engage Mr Reagan genuinely on the issues. And yet it is on the issues that Mr Mondale is running—the great issues, as he sees them, of the economy, social welfare, the environment, education, trade, and war and peace. And he will not abandon those issues.

"I would rather," he said in a fighting speech in Washington recently, "lose a race about decency than win one about self-interest." He repeated that phrase on Sunday night.

Mr Mondale is a man of deep principles and convictions. He made an historic breakthrough by choosing the first woman vice-presidential candidate — a move that many Americans thought to be long overdue. He is, as the Washington Post put it in an editorial on Sunday: "a decent, determined and intelligent man," who has pursued his candidacy with strength and resolve. Why, then, the Post asked, do so many people, including many of his own Democratic colleagues, sneer at him, in "degraded, catty, teenage terms," as a boring and ridiculous weakling?

It is a very good question, to which there appear to be several answers, none wholly satisfactory. In a sense, Mr Mondale would be better off as a European parliamentary politician. He would make a good prime minister, deftly fielding the ball at question time. He is quick on his feet and has a fine grasp of detail. As a party man, he has been compared to Harold Wilson at his best. But few of the average Americans who respond to opinion polls have hitherto seen him as a potential head of state.

In the American context, there is, of course, the long association with the now often-derided President Jimmy Carter, whom Mr Mondale served loyally as Vice-President, which seems to *stir* much stronger memories than many had expected. There is the usually poor impression that Mr Mondale makes on TV, a fact of which he is himself only too well aware.

But most of all, perhaps, by campaigning on his chosen issues, he is obliged to point out that there are a lot of things wrong with the country. And that is precisely what a majority of today's American voters seem simply not to want to know.

On Sunday, Mr Reagan declined to make any serious attempt to respond to Mr Mondale's repeated invitations to detail his plans for the next four years because, he said quite openly, he is running on his record. That is to a large extent true. Mr Reagan's recurring themes could be recited without difficulty by anyone who has heard more than one of his campaign speeches.

They are that he has restored economic growth, licked inflation, and brought unemployment and interest rates down. He has restored America's strength, morale and self-respect. Anything still wrong is a hangover from the previous Carter-Mondale Administration

Mr Reagan, like Mrs Thatcher in 1983, is running on values and feelings—an American version of Land of Hope and Glory—rather than the thoughts, issues and ideas that appeal to Mr Mondale.

So far all the evidence is that the country in its present mood prefers the good, comforting feeling summoned up by Mr Reagan to the doubts raised by Mr Mondale. By trying to point to problems, whether they be over education, social security or toxic waste dumps, Mr Mondale allows Mr Reagan to portray him as the advocate of the "old path of defeatism, decline and despair." The choice, say the Republicans, is quite simply between optimism and pessimism.

Unless there is a radical change in thenext 30 days, all the signs are that the traditional Democratic coalition with which Mr Mondale narrowly won his party's nominations will not stand up at the much wider national level. He has to reach out beyond the trade unionists, the teachers, the women activists, the blacks, the gays and the hardline Democrats who backed him earlier in the year and recapture the independents and the Democratic defectors.

Some of them may well have been impressed by his performance on Sunday. But the enormity of his task stares out from the poll figures. Despite his efforts to portray Mr Reagan as the rich man's candidate, 40 per cent of voters with incomes of less than !10,000 a year told a recent time magazine survey that they favoured Mr Reagan.

Blue-collar workers went for Mr Reagan by 49 to 24 per cent, a wider margin than Mr Reagan won in 1980. Almost one-third of Democratic voters (30 per cent) said that they intended to vote for Mr Reagan, against less than half (49 per cent) for Mr Mondale. Young voters, between 18 and 24, plumped for Mr Reagan by the astonishing margin of 45 points, 63 to 18 per cent.

Other polls show Mr Reagan ahead among newly-registered voters, one of the Democrats' key targets. A New York Times/CBS poll at the weekend suggested that the Republicans have come closer to catching up the Democrats, *in numbers of declared supporters*, than at any time since before President Franklin Roosevelt's new deal of the 1930s.

That is the magnitude of Mr Mondale's task for the next 30 days. To win a debate is not to prove that one can govern the country the way people want. But there was a new spring in the Democrats' step as they set out on the campaign trail again yesterday morning.

# Men and Matters

## Chrysler keeps the union seat

In them midst of the headline catching wages battles in Detroit, Lee Iacocca, chairman of Chrysler, has just settled a less publicised squabble. After weeks of prevarication, he has invited Owen Bieber, aged 54, president of the United Auto Workers Union, to take the boardroom seat recently vacated by his predecessor, Douglas Frased, aged 67.

The Chrysler boardroom will undoubtedly be a less colourful place without Fraser, whose engaging manner contrasts sharply with Bieber's bureaucratic approach to life. The story goes that Iacocca originally offered the *seat to Fraser* because the two men got along so famously when they were *negotiating the union concessions* during Chrysler's financial crisis in 1979.

They are both irrepressible extroverts, and the relationship has survived successfully throughout the whole period of Chrysler's rehabilitation, in spite of Fraser's periodic indiscretions on top level discord in the company.

Even so, they ended in disagreement about the nature of the seat.

The UAW, on the other hand, has always argued that, after its concessions, the position was the union's by right on the "no taxation without representation" principle that is so sacred to the collective memory of America.

It may be that Chrysler changed its views on the appointment after seeing in the General Motors wages contract that Bieber was willing to meet the industry half-way on its need for cost controls—or it may just be that they are trying to neutralise him before he activates his threat to re-open the Chrysler contract, which still has a year to run.

## Birkin's progress

A boardroom reshuffle at Rio Tinto-Zinc, which is to take place next year when Sir Anthony Tuke retires from the chairmanship at 65, puts the executive direction of the company squarely into the hands of Derek Birkin.

The 55-year-old Yorkshireman will move up from deputy chief executive to be chief executive and deputy chairman, while Sir Alistair Frame moves from those jobs to the chairmanship.

Birkin's progress to the top of the world's second biggest mining finance house (after Anglo-American Corporation) has been nothing short of meteoric. He joined RTZ as a board member as recently as July 1982 when Tunnel Holdings, the company he headed, was bought by RTZ.

His early business career was *with the firm of J. Williamson* where he worked his way up to floorcovering production manager at the age of 34. Just two years later, however, he had found his way into his first boardroom as managing director of Velmar Textiles.

Business courses at Cranfield, Henley, and Harvard Business School fleshed out his practical experience during the 1960s.

In 1970 his joined Tunnel Cement as deputy chairman and chief executive. Little did he know it then but Tunnel Holdings (as it became in 1975) was to be his route to the bridge at RTZ.

That Birken is a hard man in business dealings is not in doubt following his fun and games with Thos Ward, the engineering group, while he was at Tunnel six years ago.

He diversified Tunnel into speciality chemicals through Barrow Hepburn in the face of opposition from Ward, a big Tunnel shareholder.

RTZ was able to round off the story for me yesterday by remarking that those speciality chemicals interests—which RTZ eventually acquired with Tunnel — are "doing very nicely, thank you."

"Now, I suppose, Arthur Scargill will oppose Sunday Trading as a gesture of solidarity with the Bishops".

## Chinese codes

The Hong Kong accord is causing some dialectical fall-out behind the Iron Curtain.

Czechoslovakia (usually on the right-wing in communist terms) has slammed the agreement between Britain and China over the colony as a sell-out by China. Yet East Germany (usually a communist hardliner) is calling it a sensible solution.

Radio Prague says the Hong Kong agreement is an even stronger life preserver for capitalist Hong Kong than London had expected. Peking, it notes, has "given priority to profits over principles."

Small wonder, the radio station says, that the British Foreign Secretary, Sir Geoffrey Howe, the architect of this "advantageous agreement," has called it a firm foundation for Hong Kong's capitalist *future*. "That is what the 20 rounds of negotiations were all about," it claims.

On the other hand, East Germany, the radio voice of the GDR, likes the look of the Hong Kong accord, calling it "a rather unusual construction," but one that takes account of the interests of all parties.

This unexpected praise may have something to do with the fact that in recent months East Germany has actively sought to improve relations with Peking without waiting for the results of Soviet-Chinese negotiations.

## Shifting cover

Lloyd's of London has been trying hard to give a decent burial to some unsavoury chapters in its recent history, and at the same time looking forward to a bright future in its new City of London headquarters to be opened in 14 months time.

But the underwriters are determined to take a piece of their history with them into the concrete and glass palace.

After the Lloyd's council met yesterday, amid the accustomed elegance of the Robert Adam mouldings in the committee room, work began on dismantling the 200-year-old plaster work.

The committee room is to be recreated exactly in a space reverentially set aside in the new building.

The mouldings were designed by Adam and made in 1770 for the Great Room at Bowood House, Wiltshire.

G. Jackson and Sons of Hammersmith, was the company which moved them into the present Lloyd's building in Lime Street in the 1950s to create a distinguished committee room.

Now the same firm of craftsmen is to shift the mouldings once again.

**Observer**

## THE TORIES IN BRIGHTON

# Doubts beneath the facade

By Peter Riddell, Political Editor

Mr John Selwyn Gummer, the Tory Party chairman (left) and Mr Francis Pym, the former Foreign Secretary

IS THERE still any debate about the Government's future strategy within the Conservative Party? Is Mr Francis Pym, the former Foreign Secretary, right to argue that for Mrs Thatcher "to be loyal means 100 per cent acceptance of Government thinking; any dissent, or even the admittance of doubt, is treachery and treason."

Party chairman Mr John Selwyn Gummer argues that there is no longer any real debate about basic economic policy. The days of sharply divided views between wets and dries over reflation are long gone. Instead there is a "lively discussion" about means — about how to stimulate job creation, about how to improve the health service with limited resources and about how to privatise. In short, the focus, according to Mr Gummer, is on how to do things rather than whether to do them.

Yet doubts persist, even if publicly only outside the world of Government. Mr Pym and Sir Ian Gilmour have both expressed concern about the Government's handling of the miners' dispute and been strongly critical over unemployment. And many Ministers are privately worried about these matters.

Few of these doubts will be allowed to disturb the facade of unity, and probably also of self-congratulation after Labour's rows last week, when the Conservative Party conference opens in Brighton this morning. In part, this reflects the usual smooth stage management which unerringly selects the blandest motions for debate—to which no Tory could object (this year, for instance, favouring higher standards in education, Nato and private ownership).

More fundamental, however, is the instinct of the Tory tribe not to show its divisions in public—as Mr Michael Lingens, the chairman of the Bow Group, a research body of aspiring politicians, has just discovered. An open letter from him to the Prime Minister, expressing mild criticisms of the Government for being "cautious and defensive," earned him the rebuke of "crackers" from Mrs Thatcher.

Any disagreements at the conference—and there is always one debate for letting off steam—will probably occur away from central economic or industrial questions. There could, for example, be rank-and-file pressure on drug abuse, rates and local government and over the presentation of Government policy where Lord Whitelaw will as usual be paraded to absorb the blows.

The most prominent doubters are likely to remain silent. Neither Mr James Prior, now working his way in as chairman of GEC, nor Mr Geoffrey Rippon will be at the seaside; Mr Pym and Sir Ian Gilmour have already fired their salvoes and at present have no plans to speak; while Mr Edward Heath will continue his recent tradition of being above it all and brooding from the sidelines. All recognise that a Tory conference nowadays is in Mrs Thatcher's image, full of her people, sharing her prejudices and views.

An additional restraining factor is that to many Tories the Government is in the middle of a war—with the NUM leadership and the forces of illegality, in Mrs Thatcher's phrase "the enemy within." Just as during the Falklands war, when the internal Tory debate over the economy virtually ceased, so now any expression of doubt is seen as disloyal. Some of the doubters will therefore hold back their comments until the strike is over.

Nevertheless, there is clear frustration among some younger Tories, both inside and outside Parliament. Leaving aside the tart exchanges with Mrs Thatcher, the point of the letter from Mr Lingens and his Bow Group colleagues was that the Government has lost impetus. Hence on their view, new policies are needed on broadening share ownership, on conserving the environment and on overhauling the personal tax and social security system, going well beyond the reviews initiated by Mr Norman Fowler, the Social Services Secretary.

Similar complaints have been expressed by the Tory Reform Group, a distinctly "wet" body whose membership has increased four-fold to 800 since 1982. Mr Iain Picton, its chairman, complains that "slowly but surely debate has been stamped out in the party." On his view, privatisation is useful but not enough and there is a desperate need for the injection of new ideas on, for example, improving the health service and social security.

From the free market wing, there are fewer complaints but still some impatience. Such bodies as the Centre for Policy Studies and the Adam Smith Institute (the latter formally outside the party) produce a stream of ideas about new ways of cutting back the state. Dr Madsen Pirie, Adam Smith's director, notes with satisfaction the progress from the sale of state industries such as British Aerospace to the disposal of utilities such as British Telecom and now to the growing debate about state services such as health, and education. To him the key issue is how to offer more choice by transferring activities from the public to the private sector and by encouraging the public to make their own provision

These free-market bodies, and a couple of dozen sympathetic backbench MPs, have close links with a few ministers and with Mrs Thatcher herself. In practice, probably more important in the development of policy is the Downing Street Policy Unit under Mr John Redwood, a former merchant banker and academic. It has become almost Mrs Thatcher's conscience as well as eyes in Whitehall, particularly on privatisation and liberalisation in state industries.

But the Policy Unit's work is in private and what the outside bodies are complaining about is a lack of sufficient public debate. That may partly reflect Mrs Thatcher's belief that the strategy is clear and the Government is already "pressing full steam ahead," as indeed it is on privatisation.

There may also be symptoms of "ministerialitis," a tendency that develops in all administrations which have been in office for several years: ministers look inwards more for advice from civil servants than outwards for suggestions from the party and interested bodies. That may all be part of a general trend towards consolidation rather than further radical advance.

Nevertheless, even if Mr Gummer is right in saying that the terms of the Conservative debate have narrowed in the last couple of years, the old arguments about economic policy could revive. The recent surge in unemployment is worrying not only Ministers but also rank-and-file Conservatives, to judge by the Mori poll in yesterday's Standard. It shows that 68 per cent of Tory supporters believe that Mrs Thatcher is doing a bad job in reducing unemployment. Hence we are likely to hear a good deal in Brighton about the Government's concern over unemployment, and hints about jobs creation measures to come.

However, if, as some Ministers fear, the result of the miners' strike is less than an outright "victory" for the Government and unemployment continues to rise sharply, then the debate over strategy could become more intense. But, for the moment, Mrs Thatcher can bask in a comfortable lead over Labour in the opinion polls.

## Australia's election

# Controversy over crime clouds the big issues

By Michael Thompson-Noel in Canberra


Mr Bob Hawke, Australia's Prime Minister

THE EXTRAORDINARY controversy over organised crime that has engulfed Australian politics in the past few months will no doubt dominate the election campaign which is just beginning.

Mr Bob Hawke, whose right-wing Labor Government has ruled for just 19 months and is riding high in the polls, announced yesterday that the country will hold a general election on December 1, its eighth in 15 years.

The likeliest outcome is another crushing win for Mr Hawke and Labor, and further trouble for Mr Andrew Peacock, leader of the Liberal-National Party opposition, around whom Mr Hawke has recently run rings.

However, Mr Hawke's decision to go to the polls so as to consolidate his power will provoke criticism that Australians are being subjected to the wrong election, at the wrong time and on the wrong issues. Mr Hawke said yesterday that he would campaign on Labor's economic record and achievements in foreign policy, but the opportunity to discuss those, and other important issues, is likely to be lost in the continuing row over crime and corruption.

Mr Peacock and the Liberal Party claim that there has been a "deliberate, systematic weakening of the fight against organised crime" under Labor.

Mr Peacock claims that Labor has tried to obstruct a Royal Commission, under Mr Frank Costigan, QC, that is investigating crime, and that Labor's new National Crime Authority is hamstrung, underpowered, and clumsily bureaucratic.

Mr Peacock also claims that the Government has sought to delay investigation of the so-called "Age" tapes: 524 pages of transcribed telephone conversations illegally recorded by police that among other things cover illegal gambling, drug deals, attempts to influence judges, and murder—all part of what a leading Liberal politician in New South Wales (which is Labor-controlled) has called a "vast sewer."

Mr Peacock says: "The effect of Mr Hawke's actions is to protect some of the most powerful criminals in Australia, and he knows it."

The furore over organised crime has generated countless accusations, allegations, and smears—plus the declaration, on September 28, by Mr Kerry Packer, chairman of Consolidated Press Holdings and one of Australia's richest men, that he is one of the individuals expected to be named in the final report by the Costigan commission, due next month.

Mr Packer said his name had been linked with allegations involving drug importation, pornographic videos, improper property deals, and murder. He said that all allegations against him were "demonstrably false," and claimed that secret hearings by the Costigan commission were reminiscent of "trials conducted by the KGB."

However far or wide the controversy ranges, its political fulcrum remains the astonishing claim, levelled by Mr Peacock in Parliament on September 13, that Mr Hawke himself was a "little crook," a "perverter of the law," and "one who associates with criminals and takes his orders from those who direct those criminals."

At the time, it seemed that Mr Peacock's direct and specific attack on Mr Hawke was a blunder caused by the intense pressure Mr Peacock is under to find a means of challenging Mr Hawke's authority and popularity. Nothing that has happened since changes that view.

Last week in parliament, Mr Peacock was hounded and censured. Mr Hawke said Mr Peacock had failed to substantiate his claims, and was at "politics' death's door."

The Prime Minister said that Mr Peacock could "restore some life to his dying career with a deathbed confession," adding: "A moment of decency and contrition could at least ameliorate history's judgment of him."

In a further passage which underscored the intensity of Mr Hawke's feeling and the peril of Mr Peacock's position, the Prime Minister added: "The disgust I feel about those allegations that concern me is not just because they happen to be about Bob Hawke. My repugnance is not just — as some would suggest—a sensitive reaction to criticism.

"I am proud of my reputation, and I will fight to the utmost to defend my integrity against slurs and smears of this kind. Beyond that, those of us who hold high office have even greater obligations . . . This man, the leader of the Opposition, in search of high office, is prepared to demean and pervert the very office he seeks."

Still unbowed, Mr Peacock claimed that Mr Hawke's rhetoric and emotion were not a substitute for action, and repeated his charge that the Costigan commission was being wound up prematurely by Mr Hawke because of "short-term political factors and the protection of persons so far unnamed by him." Mr Hawke, he claimed, was "writhing on a skewer."

The crime controversy still has a long road to travel. For a start, there is the final report of the Costigan commission, and the resolution of Mr Packer's claims that "grotesque allegations" by the commission were symptomatic of a "new McCarthyism." Mr Packer has further alleged that their publication was "but another step in a malicious and disgusting campaign of vilification" by a rival media group, John Fairfax.

It is typical of the whole sorry mess that Mr Packer's statement came in response to a leaked version of only part of what is alleged to be in Mr Costigan's final report, which has yet to see the light of day.

For the present, Mr Peacock and the Liberal Party are in embarrassed disarray, and the political initiative firmly back with Mr Hawke.

Yet the crime issue will dominate the election. If Australia wished, it could use the campaign to discuss the Hawke government's attitude to industrial restructuring and reform of the economy.

It could use the campaign to discuss attitudes to immigration; or to Aboriginal land rights versus the vested interests of the mining companies; or to relations with its Asian neighbours; or to the future of the ANZUS defence pact with the U.S. and New Zealand.

In short, Australia's eighth general election since 1969 could address itself to some of the challenges with which the "Lucky Country" is both blessed and plagued.

The betting is that it will not.

# Letters to the Editor

### Oil and gas potential

*From the Managing Director, UK Operations, Gaffney Cline & Associates*

Sir,—Far from being a "gross misrepresentation of the actual position" (Mr G. A. Mackay, September 25), Mr Gaffney's remarks were based on the realistic assessment of published data available to all who care to study it. We have carried out this assessment on a very broad basis which some may not have the facilities to emulate. It is not sufficient to look at gas reserves alone. One must also consider rapidly changing and improving technology, changes in economic parameters, ever-increasing volume of geological and engineering knowledge available, and continually growing infrastructure in the North Sea. They are all critical to projections of the UK potential for both oil and gas.

The main point at issue is not necessarily "production profiles." The figures which we show represent production potential if we maximise use of demonstrated resources and carry out even a modest programme of exploration. Far from being optimistic they are entirely attainable. It must be realised that, despite a period when producing companies have had little incentive to drill for gas reserves, we have seen identified over the past nine months potential development sufficient to meet 30 per cent of all our current requirements. This certainly does not indicate a shortage of indigenous resources.

It must be stressed that, with the excess of gas available to the UK if the Sleipner deal goes ahead, there will be no market for new gas from the UK offshore areas. This will effectively kill the exploration effort for gas just as surely as was the case in the 1970s. Consequently when the Sleipner gas begins to decline, replacement reserves from the UK will not be available. So what will happen? We shall once again be forced to make further gas purchases from Norway or elsewhere.

The other point made by Mr Mackay regarding the ability of British fabricators to handle the required field facilities ignores the time scale in which they will be required. It is not suggested that the facilities would be required immediately. They would be installed over a period of years. Also, because of shallow water depths and the limited number of wells per field, platforms and production facilities will be of relatively simple design. In addition, many accumulations will be produced from subsea wells and we have already seen the use of unmanned small satellite platforms and the ability of fabricators to build some platforms more efficiently under "turnkey" contracts. British fabricators could certainly meet the demands of the industry and we trust that they are seriously doing their homework to establish their position in the growing markets they will have, both in Europe and overseas, well into the 21st century.

Few people in the industry support the view that European gas prices will harden towards the end of the decade. Certainly Statoil would not be accepting a perceived low price today if it anticipated higher prices within an early time-scale.

T. F. Cox.

*Bentley Hall, Blacknest, Alton, Hants.*

### Upholding the rule of law

*From the President, Police Superintendents' Association of England and Wales*

Sir,—I must voice my surprise at the total inaccuracy of your October 5 editorial.

May I inform readers that the Police Federation did not hold a conference at Harrogate. The conference perhaps you refer to was that of the Police Superintendents of England and Wales. Leslie Curtis is the chairman of the Police Federation and he made no statement at our conference.

From the platform I clearly stated the Police Superintendents' Association position and a clear Press statement was issued.

I quote from that statement: "In my address to conference in the presence of the Minister of State I was able to emphasise that we are not in the game of politics and the British Police service prides itself on its independence from political pressures of any kind, this perhaps is its greatest strength. Our duty is to uphold the rule of law." (Incidentally, I had taken the step of reading out the oath of allegiance to Her Majesty and the law taken by every constable. Apart from reference by the news media, no Press statement seems to include that fact.)

I further went on to say in my statement: "The constructive debate at this conference on public order and the law on picketing was an example to everyone of the moderate and reasoned line adopted by this Association and it reflected, I think, the desires of the overwhelming majority of British citizens to uphold the laws of the land and maintain the Queen's Peace.

"It follows, therefore, that the British Police Service will serve the democratically elected Government of this country of whatever colour. This has been a constant theme throughout this conference and reaffirms the duty of all police officers."

(Chief Superintendent) K. S. Anderson.

*209, Chiswick High Road, W4.*

### Open on Sundays

*From the Director and General Manager, Bank Leumi (UK)*

Sir,—Your issue of September 29, reporting on Sunday banking now being available in a new Edinburgh shopping centre, referred to this as "the first Sunday bank in Britain." I trust you will allow me to make a factual — and historical — correction to this.

Bank Leumi (UK), the British subsidiary of Israel's oldest and largest bank, in fact pioneered Sunday banking in Britain, offering it for the first time in its Golders Green branch in 1976, and extending it since to its other High Street branches. Not only do we offer Sunday banking until 12.30 pm, but provide extended weekday banking until 4.30 pm.

In our experience, the public clearly finds Sunday opening a great convenience. It is popular not only with personal customers, but also with many business people and small traders in the areas served.

David Efrima.

*4-7, Woodstock Street, W1.*

### London also suffers

*From the Deputy Director, London Chamber of Commerce and Industry*

Sir, — Cllr Thwaites complains (October 4) that changes in regional policy in recent years has benefited the south east and have not made the employment and industrial problems of Yorkshire and Humberside easier to solve.

While not wishing to detract from your correspondent's concern for his region, it is worth emphasising that the generally perceived relative prosperity of the south east conceals some of the worst pockets of urban deprivation in the country.

At the end of 1983 the four inner east London boroughs (Tower Hamlets, Hackney, Islington and Newham) averaged 19.3 per cent unemployment compared with 18.8 per cent in the four comparable districts of Merseyside and 16.6 per cent Manchester. In the same areas, London lost nearly 93,000 jobs between 1971-78 against 42,000 in Merseyside and 3,000 in Manchester. There is evidence to suggest that the situation in the area continues to deteriorate.

Long-term unemployment, too, has risen faster in the London boroughs, a 74 per cent increase between 1979-84, while at the same time population has fallen by over 240,000 people. Yet unlike other deprived districts, London, not declared an assisted area, has received neither UK or EEC regional aid.

To echo Cllr Thwaites, the LCCI hopes the Government's current review of regional policy will redress this regional imbalance.

D. J. H. Senior.

*69, Cannon Street, EC4.*

### Paying for people

*From Mr A Chancellor*

Sir, — It does appear somewhat ironic that on the day (October 5) that record unemployment figures are published you also publish a limited table of certain "top people's pay."

Your table does include industrialists which begs the question whether present high unemployment is good for business? That many companies have cut back their workforce at all levels and increased their profitability is undeniable and must make economic sense but does it also make sense that those, who have probably had to be responsible for such redundancies, should on average be receiving an additional 9 per cent in remuneration when "non-top" people are being told 5 per cent is too much?

Of course effort and success should be rewarded but don't let us overegg the pudding or ignore the growth of underlying tension which an increase of £25,000 in one year not surprisingly tends to foster — whatever the justification of it.

Whenever I meet "top-people" I find that most of them are much like the rest of us — perhaps I am just plain jealous! I hope not.

Antony C. B. Chancellor.

*Browns, Bix, Henley-on-Thames, Oxon*

### Once upon a time fortunes were made

*From Mr Jack Durban*

Sir,—In the article (September 29) "Once upon a time, Mum ran a pub . . ." the reader could only but admire Mr Gerald Howell's investment success. But, when one reads "Unilever bought 176p now 920p" and "Thomas Tilling trebled" one recalls that an investment is worth nothing until it is sold. (An exception "Westinghouse Brake and Signal made large profits").

Surely one does not accumulate six figure fortunes without many, many sales, which in the long term are more important than purchases?

Jack Durban

*35, Salisbury Road, Herne Bay, Kent*

FINANCIAL TIMES
Tuesday October 9 1984



# Sweden to switch uranium recycling contracts

By David Marsh in Paris

SWEDEN is to cancel contracts to send spent uranium fuel to France for reprocessing during the 1990s and transfer the contracts to a group of countries, led by Japan.

The agreement was with Cogema, the French state-owned nuclear fuel group at La Hague on the Cherbourg peninsula, which runs the world's only commercial facility for reprocessing spent fuel from light water reactors.

The arrangement was made "amicably," according to Cogema officials. It takes account of Sweden's decision over the next decade to stock used fuel from its nuclear reactors in underground granite caverns rather than send it abroad for chemical separation into plutonium, non-fissile uranium and waste products.

Under contracts already signed during the 1970s Sweden will, however, continue to send spent uranium to La Hague during the next few years in its specially adapted ship Sigyn.

As part of contracts with 30 foreign electricity utilities which are financing a $2bn extension of the La Hague facilities, Sweden previously undertook to send 672 tonnes of spent fuel to France when Cogema's new UP-3 reprocessing complex becomes operational in 1989.

These tonnages have now been apportioned among the other utilities – from Japan, West Germany, Belgium, Switzerland and the Netherlands – which are party to the agreement.

Cogema has raised the estimate of the amount of fuel which can be reprocessed from UP-3 to 7,000 tonnes over its first decade of operation from the originally planned 6,000 tonnes.

In spite of higher-than-forecast capacity and the Swedish withdrawal, Cogema says its UP-3 complex is still too small to satisfy demand from foreign utilities wishing to reprocess used fuel during the 1990s.

In particular, the company believes that a growing number of U.S. utilities – which have so far spurned commercial reprocessing – are becoming ready to consider this option to solve the pressing problem of mounting stocks of spent fuel rods being stored in provisional cooling ponds.

Sweden was one of the first countries to sign reprocessing deals with France along with Japan, which this weekend took delivery on board a specially adapted ship of 250 kilograms of reprocessed plutonium now on its way from Cherbourg to be used in an experimental Japanese reactor.

# Renault and Harvester in tractor pact

By Paul Betts in Paris

RENAULT of France and International Harvester of the U.S. today will sign an agreement to co-operate in the troubled European farm equipment business.

The two companies will study ways co-operating in the joint purchase and supply of tractor components and parts, with the aim of achieving better economies of scale and lower production costs, a Renault official said yesterday.

The two groups will also study collaboration in the joint production of new tractor components in Europe. Executives of the two companies will sit on a special committee to co-ordinate the collaboration between the French state-owned group and the U.S. concern.

Renault and International Harvester signed a letter of intent to collaborate in the European farm machinery business last March. The agreement to be signed today, however, is generally considered a modest collaboration accord, because both groups will continue to produce their own range of tractors independently.

CAMPAIGNING ON ECONOMIC ACHIEVEMENTS

# Hawke ahead at start of long election race

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA was launched yesterday into one of its longest and possibly most acrimonious election campaigns with an announcement by Mr Bob Hawke, the Labor Prime Minister, that he would seek a fresh mandate in a poll on December 1, after only 19 months in office.

Explaining his move to Parliament, Mr Hawke said he wanted to synchronise the elections for the Lower House with those already scheduled for the Senate, the Upper House, where the Government is in a minority.

With opinion polls running very strongly in his party's favour, the Labor leader is clearly anxious to boost his already substantial majority in the House of Representatives.

Mr Hawke told Parliament that he would campaign largely on his Government's economic record and on its foreign policy achievements. Although Labor has only been in power for a short time, its rule has coincided with a marked improvement in the economy.

Mr Andrew Peacock, leader of the Australian Liberal Party, said the opposition would attack Labor

Mr Bob Hawke

over taxation policies and its national health insurance scheme. It would also make issues of organised crime, Aborigine land rights and immigration policy.

The opposition has so far concentrated almost solely on the issues of crime and corruption in what is widely seen as a desperate attempt to dent Mr Hawke's popularity, which stands in public opinion polls at a record high for an Australian Prime Minister.

Mr Peacock alleged in Parliament three weeks ago that Mr Hawke was a "little crook," claiming that the Government was obstructing a Royal Commission investigation of organised crime. However, the opposition leader was widely condemned for his "unsubstantiated" attack.

Labor's main achievements since gaining office have been the introduction of sweeping banking and financial reforms and the promotion of trade and political relations with China and Japan.

Labor also claims some success in lowering inflation and unemployment. Its pay and prices pact with the unions – which originally swept Mr Hawke to power – is still the linchpin of Labor's economic strategy.

Labor holds 75 Lower House seats, against 50 for the Liberal and National parties combined.

Clouds over election, Page 23

# Money market interest rates ease further in London

BY PHILIP STEPHENS IN LONDON

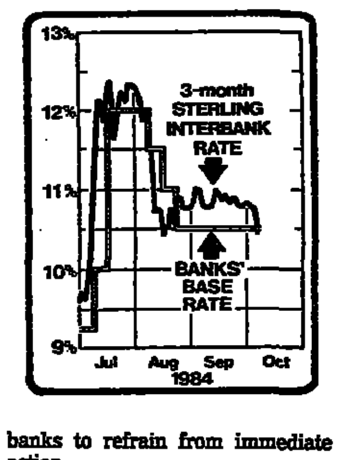
INTEREST RATES of the London money market eased further yesterday as dealers anticipated a small cut in base lending rates to coincide with the Conservative Party conference, which opens today in Brighton.

The key three-month interbank rate eased to 10⅝ per cent from 10¾ per cent on Friday.

The Bank of England, however, gave no clear indication of whether it favoured an immediate fall. A decision by the leading clearing banks is likely to depend on today's figures for the trend in the money supply last month.

Brokers believe that if the figures show that the most closely watched money supply measure, sterling M3, has remained well within its target, range, base rates could decline by up to ½ point from the present 10½ per cent.

An unexpectedly high sterling M3 figure, however, could lead the





banks to refrain from immediate action.

One senior banker said last night that the present structure of money market rates would not justify a downward move, and that the banks would be looking for further reductions before cutting base rates.

With unemployment still rising and the economic recovery showing some signs of faltering, the Treasury and the central Bank are known to believe that interest rates are too high, and the Government would clearly welcome a cut during the ruling party's conference.

The authorities, however, may be cautious about pushing rates down too quickly while the miners' strike remains a potential threat to market stability.

The official view appears to be that a move by the clearing banks would be welcome, but should not be led by the authorities until it is clear that the markets' present optimism is sustainable.

Money markets, Page 45; UK economy, Editorial comment, Page 22; Inflation prospects brighten, and manufacturers face slower rises in costs, Page 16

# UK link abandoned by Orion

By David Lascelles in London

ORION ROYAL Bank, merchant bank subsidiary of Royal Bank of Canada, and Pember & Boyle, one of London's leading government securities brokers, yesterday called off a planned link-up.

Neither side would give the reasons, although both said the parting was amicable, and they will continue to do business with each other.

Although the would-be partners had never put pen to paper, they were understood to be negotiating an arrangement whereby Orion would buy 29.9 per cent of Pember & Boyle with a view to creating a primary dealership for the new-style UK gilts market that is expected to emerge next year.

The negotiations were complicated by the difficulties of marrying a public company to a partnership. Other problems, however, are also believed to have led to the decision not to go ahead.

Pember & Boyle is likely to seek a new partner. The firm, which has a leading position in the gilts market, is keen to become a primary dealer, and wants to join an institution with strong capital resources which shares that goal.

# ICI to explore for oil in Indonesia

BY DOMINIC LAWSON IN LONDON

BRITAIN'S Imperial Chemical Industries (ICI) is to move into oil exploration in the Far East. It has acquired a 25 per cent stake in an unexplored block of more than 10,000 sq km in East Kalimantan, Indonesia.

The stake is being farmed out by Jackson Exploration, a Texas-based oil company quoted on the London Stock Exchange. Jackson has farmed out another 25 per cent interest in the block to BP, which already has substantial Indonesian interests. Jackson will retain a 25 per cent stake in the giant concession.

Jackson has diluted its interests in the block to avoid becoming financially overstretched. It farmed out a quarter of its original 100 per cent stake in the block last year to two Korean companies, the Korean Petroleum Development Corporation and Lucky Goldstar International.

ICI's oil and gas business has been based on its North Sea oil production, from an 18 per cent stake in the 1bn barrel Ninian field. It also has an interest in 15 other UK North Sea blocks, including that containing the Amethyst gas field. ICI also has exploration interests in Denmark. A year ago, it sold its U.S. exploration interests for $63m.

Mr Ian Watt, managing director of ICI Petroleum, said yesterday that ICI was stepping up its efforts to find oil. He said that ICI was considering bidding for oil licences off Ireland, and was hoping to become involved in oil exploration in Egypt.

Mr Watt explained that ICI was no longer able to depend on the North Sea to replace its oil reserves, in part because the competition for North Sea acreage was so fierce. He said that ICI nevertheless would be an active participant in the forthcoming ninth round of UK oil and gas licences.

Although the deals have not yet been announced, it seems most likely that ICI and BP will pay Jackson their proportion of the $11m costs so far expended on the block. ICI said yesterday that its initial commitment to the venture, involving the drilling of two wells, would amount to £8m ($7.4m). That commitment would rise rapidly should oil or gas be discovered.

It is thought that ICI and Jackson had been negotiating for some months on the possibility of such a deal, but that it was only clinched when it became known that BP had decided to take a stake in the project.

Oriental jewels in oil majors' crowns, Page 25

# JVC to put computer pictures in new perspective

By Alan Cane in London

A VISUALLY spectacular form of computer software for the home user will be launched next month in Japan.

Victor Company of Japan (JVC) will be the first to release "interactive videodiscs" for domestic consumption. Initial titles will include a motorcycle racing game and a simulation of high school chemistry experiments.

The discs – silver platters pitted with minute holes which are read by an electrode sliding over the surface – are played on a videodisc player, but the images seen on the television screen are modified and controlled by a home computer giving a new level of realism in home video games.

Experts believe that JVC's interactive videodiscs will boost sales of its videodisc players. They also believe they could revolutionise the home computer market, now facing an uncertain future.

Mr Donald Tombs, a director of Videodisc Technology, a UK company specialising in interactive video, said yesterday that JVC's announcement was significant.

Interactive video had been used extensively in industry for education and training but the domestic market had been neglected. "JVC is trying to sell its videodisc players as a peripheral to the home computer," Mr Tombs said.

Videodiscs record and reproduce television pictures, as do videotapes. What JVC has done is to incorporate software to interact with any type of personal computer on the disc as well as the video pictures. It makes possible lifelike games and adventure programmes.

A motorcycle race game, for example, would incorporate scenes from a real race: computer control makes it possible to shift rapidly from one piece of film to another, making it possible to steer past obstacles, take bends or crash in a very realistic fashion.

Sound effects would similarly be "real" rather than computer-generated.

Such games have much greater appeal than conventional videogames where the images have to be drawn, with varying degrees of realism, by the computer.

Interactive video is already being used in arcades in the U.S. where second screens have had to be installed to satisfy the crowds anxious to follow the action.

The discs initially will be available only in Japan, where they will cost Y9,800 ($40).

# Debate boost for Mondale

Continued from Page 1

defensive. Many eyebrows were raised at Mr Reagan's poor delivery of his closing statement – a setpiece appeal for four more years – on which he would usually be expected to excel.

Mr Mondale chose to launch his main attack against Mr Reagan on the federal budget deficit without shirking the implication that he would raise taxes if elected. He roundly chastised Mr Reagan for allegedly harbouring plans to cut social security and other welfare spending, a suggestion that Mr Reagan angrily denied.

Mr Mondale took the liberal view on abortion, Mr Reagan the conservative one. Both men insisted that the "wall" between church and state should not be breached, although Mr Mondale got in a few good blows by calling attention to the influence of the fundamentalist Moral Majority on Republican policies.

Mr Mondale had clearly rehearsed one of his best swipes, delivered as soon as Mr Reagan repeated his famous "there you go again" jibe from his 1980 debate with President Jimmy Carter. The line, Mr Mondale asserted, had then been part of Mr Reagan's denial that he would cut social security

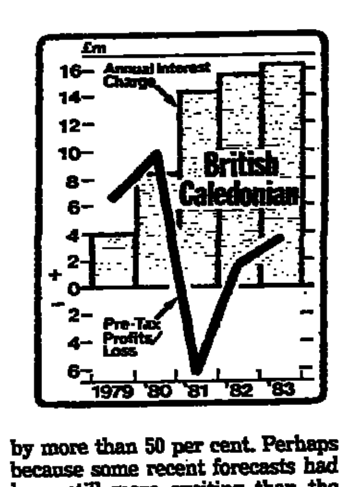
THE LEX COLUMN

# BCal radar sweeps the runway

The five-year plan now being formulated by British Caledonian should make for some interesting discussions with its City of London advisers. They have already passed the hat around the institutions on a hypothetical basis twice this year. The result on those occasions appeared to satisfy both BCal and the Civil Aviation Authority that plenty of new capital would have been available for the airline, at least on the basis of the first couple of deals informally proposed by the CAA. But these – may it never be forgotten – assumed jumps of 100 per cent and 50 per cent in BCal's share of British airlines' scheduled capacity, thought to merit new capital of £150m and £75m respectively. The question now must be how much could be raised against the meagre 3 per cent in prospect?

In addressing it, the five-year plan will obviously make much of the £18m ($22.2m) operating profit reportedly taxi-ing in on the transferred Saudi routes. It could be more, given that BCal has another Saudi licence of its own, which makes the airline's consolation prize from Mr Ridley worth more than twice its biggest annual pretax profit earned since 1979. Ditching the Latin American network, meanwhile, will eliminate losses running around £3m a year in 1983 and 1984; there could also be significant operating changes ahead for the fleet, with possibly more emphasis now on short haul routes.

But for the year ending this month, even pre-tax profits comfortably over £10m may not add much to shareholders' funds. BCal can surely be expected to pay a reasonable dividend for the first time since 1980 and some small deferred tax item seems likely. Net debt of about £200m will therefore rest on equity little more than £70m – and plans already exist for two additional aircraft in 1984-85 needing some funding arrangement for $60m or more. A rights issue or placement may be the easiest balance sheet tonic; but perhaps that business plan could yet be the basis for a proper flotation campaign, to find how the market might rate profits of £30m net.





## Glaxo

Like many a star turn, Glaxo must be finding its own act increasingly hard to follow. Not that there can be any quarrelling with the latest performance, in which pre-tax profits were raised by nearly two-fifths to £256m ($316m) in the year to June, and a much lower tax charge allowed earnings to run up by more than 50 per cent. Perhaps because some recent forecasts had been still more exciting than the outturn, there was some evidence of restiveness in the audience; Glaxo's share price dropped 20p to 970p.

There is a serious question how long Glaxo, or any other company of its size, can keep growing at rates in excess of 40 per cent – as is widely forecast for Glaxo even in 1985. More probably, it is a matter of when Glaxo is likely to slow down rather than if it is going to do so. The immense success of its Zantac anti-ulcer drug, even prescribed for love-sick dolphins, will admittedly give Glaxo a lot of momentum as launching costs are replaced by profits, as currently in the U.S. But gradually, Zantac is becoming part of the base from which profits are expected to grow and sustained ultra-rapid growth will presumably require similarly explosive successors.

Although the outlook seems very promising for Glaxo's next major drug – Fortum, a third generation cephalosporin – the going seems bound to get tougher. For all that, the share price is none too demanding. On cautious assumptions, with slower growth starting now, Glaxo should still make something near £330m in 1985, for a multiple of about 17. If Zantac can continue to capture market share in the U.S. the prospective multiple could still be more like a cut-price 14 times.

## Mercury Securities

The document detailing the merger of Mercury Securities and its friends does not inspire the reader with confidence that the parties involved have unearthed the philosopher's stone. The strategic vision is rather overwhelmed by descriptions of various convertible and deferred preference shares, while none of the participants seems at the moment to be showing much improvement on the trading front.

Akroyd & Smithers expects to report only "a small profit" for the half-year to September, while Mercury estimates that profits for the same period were roughly level with last year. The two stockbrokers, meanwhile, say that profits have been satisfactory, whatever that may mean.

The document shows up Rowe & Pitman in a generally flattering light: it looks well capitalised and the profits progression is impressive, particularly in the Far East. The real doubts must centre around the value placed on Akroyd & Smithers, which seems to be commanding a multiple of almost 20 times 1983-84 earnings.

Mercury is brave enough to address the issue of potential conflicts of interest between the trading and investment management divisions. Unfortunately, its solution is a little lame. Warburg's investment management subsidiaries will simply be transferred to the new holding company and their names will be changed from Warburg Investment Management to – guess what – Warburg Asset Management.

## STC

STC did its best yesterday to shrug off the news that it was not being invited to the British Telecom digital party but the announcement must have been a painful one in the light of its earlier exclusion from the System X contract. At least in that instance it was retained to provide highly profitable TXE4 exchanges for BT, but yesterday there was no evidence of similar compensation. The stock market received the message loud and clear, marking STC shares down 20p to 288p.

The BT decision is admittedly not the end of the world for STC. Telecom is unlikely to seek more than 20 per cent of its digital switching requirements from non-System X contractors, and, unlike STC's profitable overrun on the TXE4, the contract is bound to be very competitively priced. In any case, almost all the development work on STC's System 12 has been done by ITT, so the direct costs of missing out have not been too severe.

If there is a moral to be drawn from STC's omission, it is that the nearly enlarged group needs more than ever to make a success of digesting ICL while public switching sales are tapering off. STC's theory that computers and telephone exchanges are becoming more alike will have to be validated by orders from private business customers. In Telecommunications at least, the 1990s so far look rather empty.



## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 20 | 68 | Dubrovnik | R | 18 | 64 | Malaga | S | 19 | 66 | Salzburg | F | 14 | 57 |
| Akrotiri | S | 28 | 82 | Faro | S | 22 | 72 | Malta | C | 19 | 66 | Seoul | C | 21 | 70 |
| Algiers | C | 17 | 63 | Florence | F | 20 | 68 | Manila | C | 32 | 90 | Singapore | F | 30 | 86 |
| Amsterdam | D | 12 | 54 | Frankfurt | C | 13 | 55 | Miami | S | 22 | 72 | Stockholm | C | 10 | 50 |
| Athens | S | 28 | 82 | Funchal | S | 22 | 72 | Milan | S | 18 | 64 | Strasbourg | C | 11 | 52 |
| Bahrain | S | 36 | 97 | Geneva | F | 13 | 55 | Moscow | R | 12 | 54 | Sydney | S | 25 | 77 |
| Bangkok | R | 32 | 90 | Gibraltar | S | 18 | 64 | Munich | F | 12 | 54 | Taipei | C | 26 | 79 |
| Barcelona | F | 20 | 68 | Guernsey | Fg | 14 | 57 | Nairobi | D | 17 | 63 | Tangier | S | 23 | 73 |
| Beirut | S | 27 | 81 | Helsinki | F | 13 | 55 | Naples | F | 20 | 68 | Tehran | — | — | — |
| Belgrade | C | 14 | 57 | H. Kong | F | 27 | 81 | New Delhi | C | 34 | 93 | Tel Aviv | S | 27 | 81 |
| Berlin | F | 14 | 57 | Innsbruck | S | 13 | 55 | New York | C | 14 | 57 | Tenerife | — | — | — |
| Biarritz | S | 17 | 63 | Inverness | F | 14 | 57 | Nice | S | 21 | 70 | Tokyo | C | 17 | 63 |
| Blackpool | C | 16 | 61 | Istanbul | S | 24 | 75 | Oporto | S | 23 | 73 | Toronto | R | 12 | 54 |
| Bordeaux | C | 15 | 59 | Jersey | C | 15 | 59 | Oslo | F | 12 | 54 | Tunis | R | 20 | 68 |
| Brussels | R | 12 | 54 | Jo'burg | F | 27 | 81 | Paris | C | 15 | 59 | Valencia | S | 20 | 68 |
| Budapest | S | 15 | 59 | Las Palmas | — | — | — | Prague | F | 12 | 54 | Venice | S | 19 | 66 |
| B. Aires | C | 18 | 64 | Lima | C | 20 | 68 | Reykjavik | F | 5 | 41 | Vienna | F | 13 | 55 |
| Cairo | C | 35 | 95 | Lisbon | S | 21 | 70 | Rio de J'o | C | 38 | 100 | Warsaw | C | 21 | 70 |
| Cape Town | — | — | — | Locarno | S | 16 | 61 | Rome | F | 19 | 66 | Zurich | F | 11 | 52 |
| Caracas | C | 28 | 82 | London | F | 20 | 68 | | | | | | | | |
| Casablanca | S | 20 | 68 | Los Angeles | C | 26 | 79 | | | | | | | | |
| Copenhagen | F | 14 | 57 | Luxembourg | R | 10 | 50 | | | | | | | | |
| Corfu | S | 28 | 82 | Madrid | S | 17 | 63 | | | | | | | | |
| Dublin | R | 17 | 63 | Majorca | F | 20 | 68 | | | | | | | | |

*Readings at mid-day yesterday:*

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

# China about to order satellites

Continued from Page 1

rocket, which is sold by Arianespace, a Paris-based company.

According to industry sources China plans to launch the third of the space vehicles on its own rocket, the Long March 3. The launcher, descended from Chinese missiles designed to carry nuclear warheads, is the most powerful of a series of rockets which so far has put into space 16 satellites, mainly for military applications.

The launch using Long March 3 would be a prelude, observers believe, to the commercialisation of the rocket by the Government. It is thought that China's leaders want to adapt the rocket by the 1990s to carry the payloads of Western satellite companies as a direct rival to Ariane and the space shuttle.

The fourth satellite in the series will be kept as a spare in case of problems with the orbiting craft. The value of the first two satellites to be ordered is estimated at $100m. The order also includes a ground control station.

The full cost to China of setting up a TV broadcasting system could be about $1bn. This includes the four satellites, launch costs and the price of ground equipment such as control stations and antennae to transmit TV signals

China's leaders have made clear in recent years that the main impetus to creating a satellite TV network is to provide educational programmes to the country's 1bn population. TV transmissions will be received in schools and homes direct from the satellites.

The cost of the system would be far less than efforts to establish a similar country-wide network using conventional ground-based antennae along the lines of those set up in Western nations.

Several Western companies, including Comsat in the U.S., are interested in supplying China with the vast numbers of receiving aerials required for the service.

*Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1984.*

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday October 9 1984



# Storage Technology expects $20m loss for third quarter

BY LOUISE KEHOE IN SAN FANCISCO

STORAGE TECHNOLOGY, the U.S. manufacturer of mainframe computer data storage units, expects to make a third-quarter loss of over $20m, as a result of increased competition from IBM and severe cash flow problems.

The company lost $6.9m on sales of $201.4m in the third quarter of 1983.

Storage Technology said it would immediately reduce overhead costs by 20 per cent by cutting about 1,500 jobs. The company currently employs over 15,500 people worldwide.

Storage Technology had losses totalling over $41m last year, but had previously said that it expected to return to profit in the third and fourth quarters of this year.

IBM's recent announcement of a data storage system that competes directly with Storage Technology's main product line and IBM price reductions on its existing data storage products have, however, increased pressure upon the company. Storage Technology reduced the prices of its data storage systems by 10 per cent last month

Commenting upon the anticipated losses, Storage Technology chairman Mr Jesse Aweida said that the company expected losses to continue into the fourth quarter.

"Although we are shipping our new products in large volume, competitive conditions and price cutting in our industry have eroded margins to the point where we must significantly reduce our overheads and product costs," Mr Aweida said. He added that high returns of older products had also negatively affected income for the third quarter.

Third quarter losses will cause Storage Technology to breach agreements with its banks, the company said. Storage Technology's credit lines were recently reduced by its banks, increasing the company's cash flow problems. Industry analysts are now concerned that Storage Technology may not have sufficient funds to bring to market a new optical disc data storage systems which had previously been expected to become a major factor in the company's return to profitability. The optical disc product development is now believed to be several months behind schedule.

# Offer for Richier assets accepted

By David Marsh in Paris

BERGERAT-MONNOYER, the French earthmoving equipment group that distributes products of Caterpillar of the U.S. on the French market, has acquired the assets of the bankrupt Richier construction machinery maker.

The decision by the commercial court of Nanterre, just outside Paris, ends several months of tortuous wrangling over the fate of Richier, which was put into liquidation in May after the collapse of a previous Government-organised rescue plan.

The French Government tried unsuccessfully to interest Komatsu, the Japanese plant equipment manufacturer, in taking over Richier.

Other companies that declared an interest in taking over Richier during the last few weeks included Orenstein & Koppel and Liebherr of West Germany, and Poclain and Yumbo of France.

Bergerat-Monnoyeur will take over only a small part of Richier's previous activities, mainly its spare parts and maintenance operations.

DOUBTS EMERGE ON COST OF CONTI-ILLINOIS RESCUE PLAN

# Who pays for bank's bail-out?

BY WILLIAM HALL IN NEW YORK

AS THE DUST begins to settle in the U.S. banking system after the unprecedented rescue of Continental Illinois, the big Chicago bank, one principal still remains. How much is the biggest government "bail-out" in U.S. history going to cost the country's taxpayers?

While U.S. bank regulators have argued convincingly that it was essential that Continental Illinois be saved, they have also argued with as much conviction that it was the least costly alternative. The Federal Deposit Insurance Corporation (FDIC), which masterminded the deal, has emphasised on several occasions that "not one nickel of taxpapers' money is involved."

However, as last week's hearings on Continental Illinois before the House of Representatives banking committee, demonstrated, U.S. politicians are highly sceptical that the "bail-out" is the painless, cost-free exercise that bank regulators are trying to portray.

Their fears have some foundation. A study by the U.S. Congressional Budget Office (CBO) has estimated that the Continental Illinois rescue might cost the U.S. Government up to $3.8bn and even on the most optimistic predictions, the FDIC will do little more than break even after it has disposed of its 80 per cent stake in the bank.

In addition, the House Banking Committee has unearthed an internal FDIC memorandum, dated May 17 (the day of the rescue) that estimated that in terms of cost alone it would have been cheaper to liquidate Continental Illinois and pay off the $3bn of FDIC-insured deposits.

Although the memorandum, signed by Mr Robert Shumway, the director of the FDIC's banking supervision, concluded that the continued operation of the bank was "essential", it shows that behind the scenes there are serious official differences of opinion about the real cost of the rescue.

Mr Wiliam Isaac, the chairman of the FDIC, has dismissed the Shumway memo as being "simply wrong" and said that it was written by a junior official and not Mr Shumway. Although the FDIC has no documentation to prove it, Mr Isaac says be is convinced that the rescue plan is the least costly alternative.

He takes strong issue with the CBO estimates and say they suffer from a "number of fatal errors". He is especially critical of the study's "extremely pessimistic" estimates on the level of recovery on the $5.7bn loans the FDIC is taking over from Continental Illinois.

While emphasising that he was not making a forecast, Mr Isaac outlined a much rosier potential scenario last week, which sees the FDIC making a healthy profit on its investment in Chicago's premier bank.

He started off by assuming that the FDIC loses $800m on the loans it bought from Continental Illinois and only gets back $2.7bn, instead of the $3.5bn. That would wipe out the remaining private-sector interest in the bank and give the FDIC effective full control.

He also assumed that Continental Illinois would earn 75 basis points on its assets over the next five years, an assumption he describes as "optimistic but not wildly so" when you consider the bank will not be paying income tax because of its large tax losses.

Assuming that the bank can generate such earnings, Mr Isaac estimates that it will have a book value of around $13.50 a share at the end of five years by which time it should be ready for sale. Assuming that the FDIC can get book value for its shares then the agency will receive $7bn plus the $280m of market-rate preferred stock it put up as part of its $1bn cash injection, giving the FDIC a total of around $3bn.

Against that, the FDIC must deduct its $1bn capital injection its $800m loss on the loans it bought and an estimated $350m of lost income due to its investment in $720m of convertible preferred stock in Continental Illinois, which is not paying a dividend, initially at least.

# Earnings setback for Dow Jones

By Our Financial Staff

DOW JONES, the U.S. publishing group that owns the Wall Street Journal, has as expected posted lower net profits for the third quarter of $26.5m, or 41 cents a share against $28.4m or 44 cents.

Net earnings for the first nine months were $94.7m or $1.48 a share, up from $80.8m or $1.26. Revenues rose from $632.8m to $708.6m, with $232.5m ($216.9m) in the latest quarter.

The company said it expected a strong fourth quarter and record earnings for all of 1984.

Advertising linage in the U.S. Wall Street Journal fell 2.2 per cent in the third quarter, largely reflecting "difficult comparisons" with the third quarter of 1983, when advertising revenue rose 25.5 per cent.

Third-quarter circulation and advertising linage for Barron's magazine were down

However, the Wall Street Journal Europe, the Asian Wall Street Journal and Ottaway Newspapers recorded gains in circulation and advertising linage.

# Comterm allows for C$48m write-off

BY ROBERT GIBBENS IN MONTREAL

COMTERM, a leading Canadian manufacturer of office automation equipment, has ended production of its Hyperion portable microcomputer, requiring a C$48m ($36.6m) write off in its accounts for the six months to July 31.

The machine is a casualty of price cutting in the North American microcomputer market.

The decision will mean closing Comterm's Ottawa plant and extensive litigation with SCI Systems of the U.S. and other suppliers.

Comterm says it has claims totalling $80m against it, although the amount recoverable is not estimated. SCI has a $15m counter-claim against Comterm.

Mr Michael Cowpland, founder of Mitel Corporation, is the largest single shareholder in Comterm after merging his Bytec Management with Comterm a year ago. Bytec developed the Hyperion at a cost of more than $25m.

# Euromarché opens U.S. hypermarket

By David Housego in Paris

EUROMARCHÉ, the French supermarket group, is launching what it describes as the first French "hypermarket" in the U.S.

The new store, covering 12,000 sq metres, is to open in Cincinnati, Ohio, on October 16 under the all-American name of "Bigg's". Euromarché describes it as a "first" in that it will provide the wide range of French food and household products.

# Oriental jewels in oil majors' crown

BY OUR NEW YORK STAFF

EXXON, TEXACO, Chevron and Mobil, the four biggest U.S. oil majors, earned an estimated $2.4bn from their Far East operations last year, and in the case of Texaco and Mobil the region accounted for more than a third of their total profits.

The Far East has always been regarded as an important area for U.S. oil companies, but the size of profits from the region has never been fully disclosed. Salomon Brothers, the U.S. brokerage firm, has just completed a detailed survey that illustrates the heavy reliance of the biggest U.S. oil groups on the Far East to support their profits, which have been under pressure elsewhere in the world.

Chevron and Texaco are equal partners in Caltex, which operates throughout the Far East and had net income of $990m last year. That was the equivalent of 31 per cent of Chevron's worldwide earnings and 40 per cent of Texaco's earnings.

More than three quarters of Caltex's profits come from Indonesia, where it is the largest producer and accounts for nearly half the country's productive capacity. Salomon estimates that Caltex will earn $750m in Indonesia alone this year, equivalent to 25 per cent and 34 per cent of the worldwide earnings of Chevron and Texaco respectively.

Mobil is the other large U.S. oil company that depends heavily on the Far East, and Indonesia in particular, for its profits. The Salomon study estimates that Mobil will earn $381m, or 26 per cent of its total worldwide profits from the giant Arun gas field on the northern tip of Sumatra. The field is one of the largest and most prolific in the world and will shortly be the biggest liquefied natural gas plant in the world.

Unlike many other parts of the world, nearly all the oil and gas operations in Indonesia are managed by foreign companies under production-sharing contracts that allow the contractor a profit equal to about 15 per cent of after-cost revenues on oil and 35 per cent on gas. While that may not sound over-generous, Salomon Brothers estimates that it is the equivalent to $3–$4 a barrel.

Mobil and Exxon both have important positions in Japan and both rank among the most profitable oil companies in that country. Exxon and Mobil each earned around $115m in Japan last year.

The Royal Dutch/Shell Group and Caltex also have important downstream marketing operations in the Far East, and Salomon Brothers estimates that Shell earned $300m from refining and marketing in the Far East and Caltex earned $230m.

In the short term, Salomon Brothers predicts that profitability in the region for the U.S. oil majors will be hampered by obstacles in the Singapore refining centre, which until now has been highly profitable, and by the threat of new Saudi product exports

Longer-term, however, the brokerage firm says the region's strong economic growth makes it a highly attractive area in which to operate.

# Super Food in talks on expansion

By Andrew Baxter in London

SUPER FOOD Services, the seventh biggest U.S. food wholesaler, is "talking actively" to three U.S. companies it is interested in buying Mr Jack Twyman, chairman and chief executive officer, said in London yesterday.

Two of the three companies operate food distribution centres in the south-east of the U.S. Super Food had sales in the year to August, 1983 of $1.2bn.

# Swedish railways back in profit

**By David Brown in Stockholm**

SJ, the Swedish state-owned railway, reported its first profit for seven years in 1983-84 after an extensive financial reconstruction, high freight traffic and higher passenger load.

Earnings after depreciation advanced by about SKr 250m ($29.4m) to a profit of SKr 109m and sales grew by 15 per cent to SKr 8.9bn, said Mr Pehr Jonsson, director of planning.

The improvement was helped by a 10 per cent climb in freight traffic, reflecting more vigorous Swedish economic activity, as well as higher market shares won from trucking competitors through aggressive pricing policy, Mr Jonsson said. SJ now claims about 25 per cent of Sweden's long-haul freight traffic.

On the passenger side, SJ has been able to stem a slide in bus and rail use, although mainly limited to short routes. On longer routes it faces considerable competition from the domestic airline on prices and schedules (in a country that measures nearly 2,000 km from north to south).

Passenger use remains between 20 and 25 per cent above the 1979 level, when a new fare structure with rebates of up to 50 per cent was announced.

SJ laid off some 500 people last year, or 1.27 per cent of its workforce, in a rationalisation move.

In a complex scheme of state subsidies, SJ received about SKr 650m in "loans" last year and was allowed to write down a further SKr 1bn of earlier aid in a one-off financial reconstruction.

# Improvement is forecast by Georg Fischer

**By John Wicks in Zurich**

GEORG FISCHER, the Swiss engineering concern, expects improved group results for the current year. In both 1982 and 1983 the company booked consolidated net losses of SwFr 11m ($3.53m).

Turnover rose by 10 per cent in the first seven months of 1984 to SwFr 942m. This growth rate was, however, brought about largely by the inclusion of new operations in the group sales total. Without these turnover would have gone up by only some 2 per cent.

This year so far, expansion has been borne primarily by the castings and plastic-products division. Turnover of the foundries and the machine-building activities were only 1 per cent higher than for the corresponding period of 1983 while for plant construction it was down 17 per cent. However, important new billings in the plant sector are expected in the second half.

New-order value increased by 17 per cent to SwFr 1.05bn for the seven-month period, or by 7 per cent before inclusion of new operations. Foundry orders fell by 11 per cent, probably due in part to the German strike.

# Alitalia in strong return to profitability at halfway

**BY ALAN FRIEDMAN IN MILAN**

ALITALIA, Italy's national airline, made an operating profit of L28.9bn ($15.3m) in the first half of this year, a major recovery from the L40bn loss in the first half of last year.

The airline is predicting a full-year profit although it warns that the effect of the strong dollar against the Italian lire could be a continuing problem.

Revenues in the half year rose by 19.5 per cent to L1.307bn. For the whole of 1983 revenues totalled L2,745bn, while the 1983 operating profit was L157bn. Net profit was L18.4bn. In 1982 Alitalia made only a negligible net profit.

Alitalia said that the number of passengers carried during the six months rose by 8.7 per cent. Load factor—the percentage of seats filled per aircraft—improved by 3.4 points to 60.8 per cent.

The strength of the dollar contributed to a rise in financial and currency costs of 17.3 per cent, but the airline did not quantify the figure.

Capital spending in the six months totalled L252bn, of which L212bn was spent on the fleet.

● The sale of the Rizzoli publishing group—including the Corriere Della Sera, Italy's leading newspaper—has been completed. The new owner is a consortium of some of Italy's most famous private industrialists including the Fiat group, Pirelli, Montedison, the Bonomi family's Invest group and Mediobanca.

For the past two years, while the Rizzoli group has been in court-appointed receivership, political forces on both the right and left have been trying to capture control of the Corriere.

# German banks reporting change

FRANKFURT—The Bundesbank is to require all West German co-operative banks to conform to full-reporting requirements from the start of 1986. It is abolishing a concession currently exempting smaller banks in the sector.

The decision has been made possible following a number of mergers in the sector, the Bundesbank stated.

Previously the large number of small co-operative banks made the move impossible.

About 1,500 co-operative banks the balance sheets of which were below DM 10m ($733,000) at the end of 1972 have been exempt from the usual reporting requirements, the Bundesbank said.

However, the average balance sheet of these banks has now risen to around DM 25m, totalling 11 per cent of the co-operative banking sector. The move follows two rescues by the Co-operative Bank Association in August, including the biggest support action in the sector's history.

The move had been long in preparation and was not a direct reaction to recent problems in the co-operative banking sector, the Bundesbank explained.

The statement said the co-operative banks, which had previously been exempt, will "have to deliver the same statistical reports as all other banks."

The move will close a loophole that previously made it difficult to assess the structure of the co-operative banking sector, it said.

Reuter

# Bergen Bank operating profit up by NKr 104m

**BY FAY GJESTER IN OSLO**

BERGEN BANK, one of Norway's "big three" commercial banks, improved profitability in the first eight months of 1984, compared with a year earlier.

Operating profits, before bad debt provisions, rose by NKr 104m to NKr 341m ($38.8m), equivalent to 1.8 per cent of average total assets, compared with only 1.52 per cent a year earlier. Contributing to the better results were higher profits on currency and share trading, as well as "significant income" from managing issues for borrowers.

Net interest income is expected to fall in the final four months of 1984, however, following a recent rise in money market rates. In consequence, profits as a proportion of average total assets are expected to be about the same for whole 1984 as in 1983, when they were 1.71 per cent.

Bad debt provisions for 1984 are expected to be "somewhat higher" than last year's NKr 37m.

● A one into four share split, a one for four scrip issue, and a trade-in of preference shares, has been approved by Norsk Hydro shareholders at an extraordinary meeting in Oslo.

Preference shareholders will receive 20 per cent of par value.

Following capitalisation Hydro's share capital will be just over NKr 2.1bn ($239m).

# Storebrand Norden expects full year growth

**By our Oslo Correspondent**

*STOREBRAND-NORDEN*, Norway's largest insurance group, reports good performance by its finance companies and life insurance activities in the opening half of this year, but profits on non-life insurance were down on the same period last year.

Group results for 1984 as a whole, excluding life business, are expected to be above last year's total of NKr 227m ($25.8m).

Premium income in the non-life sector was only 2.5 per cent up at NKr 2.8bn, of which foreign business accounted for 43 per cent. Despite net financial income of NKr 166m, operating profits were halved to NKr 66m, reflecting a significant rise in claims.

Profits on industrial policies fell to NKr 4m, from NKr 45m, and motoring business showed a deficit of NKr 40m, twice as high as in January-June 1983.

The deficit on combined insurance rose to NKr 23m, from NKr 1m. Maritime, transport and credit insurance showed the most marked growth in premium income.

The group's two finance companies, Custos Finans and Norsk Finans, achieved a profit of NKr 51m, before bad debt provisions up NKr 29m on a year earlier.

The life insurance company Storebrand-Norden Liv increased premium income by 28 per cent to NKr 567m in the half year, while financial income rose by 21 per cent to NKr 410m. Profit after allocations was NKr 287m, compared with NKr 239m. This profit goes to policy holders.

# Turkey draws up new stock exchange guidelines

**BY OUR FINANCIAL STAFF**

TURKEY'S first stock exchange for more than 50 years is expected to start trading in Istanbul before the end of the year.

Guidelines for its formation were published over the weekend in a government decree which stressed the need to increase the effectiveness of capital flows in Turkey.

The proposals, which appear to be well advanced, represent a further move towards a freeing of the Turkish economy.

Last month the government unveiled plans for the privatisation of a number of state run companies, including the sale to employees of shares in Turkish Airlines (THY).

At present securities are traded through brokerage houses. These, together with banks and individual brokers, will now be able to trade via the stock exchange.

After the 1982 crash of Turkey's biggest brokerage house, Banker Kastelli, the government introduced strict securities controls, setting up a state capital market board.

This has given permission to seven brokerage houses to operate in the newly formed stock market.

1st NOVEMBER 1984 REDEMPTION

## BRITISH LAND INTERNATIONAL N.V.

## U.S.$16,000,000 8% LOAN 1987

### REDEMPTION OF BONDS

British Land International N.V. announces that for the redemption period ending on 1st November 1984 it has purchased and cancelled bonds of the above Loan for U.S.$1,159,000 nominal capital and tendered them to the Trustee.

The nominal amount of bonds to be drawn for redemption at par on 1st November 1984 to satisfy the Company's current redemption obligation is accordingly U.S.$441,000 and the nominal amount of this Loan remaining outstanding after 1st November 1984 will be U.S.$4,800,000.

### DRAWING OF BONDS

Notice is accordingly hereby given that a drawing of bonds of the above loan took place on 21st September 1984 attended by Mr William Brignall Kennair of the firm of John Venn & Sons, Notary Public, when 441 bonds for a total of U.S.$441,000 nominal capital were drawn for redemption at par on 1st November 1984, from which date all interest thereon will cease.

The following are the numbers of the bonds drawn:

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 23 | 46 | 123 | 130 | 132 | 190 | 199 | 328 | 412 | 423 | 460 | 527 | 529 | 553 | 617 | 619 | 622 | 626 | 936 | 939 |
| 1044 | 1110 | 1118 | 1226 | 1227 | 1337 | 1362 | 1387 | 1494 | 1526 | 1577 | 1625 | 1639 | 1660 | 1687 | 1721 | 1733 | 1753 | 1869 | 1880 |
| 1882 | 1884 | 1893 | 1896 | 1902 | 1913 | 2157 | 2167 | 2190 | 2195 | 2233 | 2251 | 2259 | 2539 | 2560 | 2566 | 2583 | 2585 | 2596 | 2601 |
| 2614 | 2615 | 2619 | 2634 | 2638 | 2665 | 3131 | 3182 | 3183 | 3244 | 3263 | 3266 | 3344 | 3348 | 3349 | 3414 | 3667 | 3727 | 3790 | 3806 |
| 3934 | 4001 | 4004 | 4006 | 4353 | 4376 | 4420 | 4428 | 4595 | 4767 | 4819 | 4884 | 5139 | 5333 | 5383 | 5417 | 5462 | 5469 | 5479 | 5482 |
| 5500 | 5515 | 5566 | 5611 | 5612 | 5652 | 5660 | 5709 | 5753 | 5784 | 5791 | 5836 | 5838 | 5888 | 5893 | 6067 | 6164 | 6210 | 6299 | 6318 |
| 6335 | 6353 | 6374 | 6419 | 6424 | 7166 | 7742 | 7751 | 7853 | 7862 | 7865 | 7867 | 7872 | 7900 | 7917 | 7940 | 7954 | 8109 | 8190 | 8193 |
| 8201 | 8333 | 8337 | 8342 | 8659 | 8662 | 8664 | 8674 | 8727 | 8730 | 8766 | 8815 | 8874 | 8879 | 8882 | 8991 | 8994 | 9002 | 9265 | 9428 |
| 9431 | 9434 | 9481 | 9591 | 9646 | 9648 | 9653 | 9668 | 9694 | 9957 | 9984 | 9991 | 9992 | 10195 | 10223 | 10248 | 10252 | 10264 | 10282 | 10296 |
| 10297 | 10303 | 10315 | 10331 | 10410 | 10417 | 10418 | 10424 | 10427 | 10550 | 10557 | 10559 | 10576 | 10596 | 10597 | 10616 | 10617 | 10622 | 10623 | 10681 |
| 10690 | 10694 | 10752 | 10761 | 10770 | 10785 | 10791 | 10792 | 10797 | 10832 | 10847 | 10870 | 11103 | 11248 | 11277 | 11285 | 11292 | 11293 | 11326 | 11332 |
| 11349 | 11362 | 11366 | 11378 | 11392 | 11428 | 11429 | 11435 | 11437 | 11633 | 11648 | 11656 | 11657 | 11683 | 11704 | 11719 | 11722 | 11727 | 11738 | 11769 |
| 11902 | 11907 | 12424 | 12455 | 12457 | 12459 | 12470 | 12497 | 12540 | 12542 | 12561 | 12565 | 12575 | 12591 | 12593 | 12599 | 12612 | 12613 | 12622 | 12678 |
| 12733 | 12748 | 12764 | 12785 | 12793 | 12796 | 12835 | 12844 | 12863 | 12867 | 12873 | 12874 | 12876 | 12908 | 12909 | 12910 | 12917 | 12951 | 12963 | 13185 |
| 13192 | 13203 | 13207 | 13213 | 13220 | 13225 | 13228 | 13233 | 13248 | 13256 | 13268 | 13296 | 13308 | 13352 | 13357 | 13359 | 13365 | 13372 | 13385 | 13415 |
| 13422 | 13423 | 13426 | 13431 | 13437 | 13441 | 13444 | 13470 | 13518 | 13544 | 13554 | 13556 | 13566 | 13583 | 13587 | 13591 | 13605 | 13608 | 13610 | 13628 |
| 13631 | 13636 | 13650 | 13651 | 13660 | 13664 | 13670 | 13690 | 13765 | 13785 | 13792 | 13793 | 13799 | 13800 | 14038 | 14056 | 14057 | 14074 | 14090 | 14136 |
| 14140 | 14157 | 14162 | 14177 | 14188 | 14207 | 14213 | 14219 | 14231 | 14239 | 14256 | 14264 | 14283 | 14290 | 14304 | 14320 | 14327 | 14708 | 14859 | 14872 |
| 14888 | 14893 | 14902 | 14934 | 14958 | 14998 | 15045 | 15064 | 15067 | 15080 | 15087 | 15098 | 15113 | 15122 | 15144 | 15154 | 15155 | 15159 | 15170 | 15178 |
| 15212 | 15214 | 15219 | 15228 | 15229 | 15267 | 15275 | 15276 | 15278 | 15309 | 15331 | 15336 | 15354 | 15469 | 15480 | 15486 | 15498 | 15513 | 15515 | 15536 |
| 15541 | 15561 | 15580 | 15589 | 15607 | 15631 | 15632 | 15659 | 15679 | 15686 | 15690 | 15702 | 15721 | 15744 | 15763 | 15765 | 15771 | 15772 | 15781 | 15783 |
| 15798 | 15810 | 15821 | 15830 | 15837 | 15841 | 15844 | 15846 | 15856 | 15872 | 15874 | 15879 | 15887 | 15909 | 15917 | 15923 | 15935 | 15946 | 15948 | 15960 |
| 15963 | | | | | | | | | | | | | | | | | | | |

*Witness:* W. B. Kennair, Notary Public.

The above bonds may be presented for payment of the proceeds of redemption at par on or after 1st November 1984 at the offices of the paying agents named on the coupons in the manner specified in Condition 7 of the Terms and Conditions of the Loan printed on the reverse of the bonds. Each of these bonds when presented for redemption must bear the coupon dated 1st November 1985, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU.

*9th October 1984*

This Prospectus includes information given in compliance with the Regulations of the Council of The Stock Exchange in London, for the purpose of giving information to the public with regard to the issue of £100,000,000 Loan Stock 2012 (the "Stock") by the Kingdom of Sweden (the "Kingdom"). The Kingdom has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. The Kingdom accepts responsibility accordingly.

Application has been made to the Council of The Stock Exchange in London for the Stock to be admitted to the Official List for quotation in the Gilt-edged market.

The Stock will be available either in registered form, transferable in amounts and multiples of one penny, or, at the option of the holder, in bearer form, represented by bearer bonds which will be available in the denomination of £10,000. Stock in registered form may be exchanged for bearer bonds and vice versa at any time after 17 April, 1985. Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on Wednesday, 17 October, 1984. Certificates in respect of Stock in registered form and bearer bonds in respect of Stock in bearer form will be available on 17 April, 1985 provided the balance of the moneys payable has been duly paid.

THE APPLICATION LIST WILL OPEN AT 10.00 A.M. ON THURSDAY, 11 OCTOBER, 1984 AND WILL CLOSE LATER THE SAME DAY.

Dated 9 October, 1984

# Kingdom of Sweden

Issue on a yield basis of

## £100,000,000 Loan Stock 2012

Payable as to £20 per cent. of the nominal amount on application and as to the balance of the issue price not later than 27 March, 1985 with interest payable half yearly on 15 January and 15 July.

The issue has been underwritten by

**Morgan Grenfell & Co. Limited**

**Samuel Montagu & Co. Limited** **S.G. Warburg & Co. Ltd.**

**Baring Brothers & Co., Limited** **County Bank Limited**

**Kleinwort, Benson Limited** **J. Henry Schroder Wagg & Co. Limited**

**Riksgäldskontoret**
(the Swedish National Debt Office)
Jakobsgatan 20
P.O. Box 16 306
S-103 26 Stockholm

**Receiving Bank**
National Westminster Bank PLC
New Issues Department
P.O. Box 79
2 Princes Street
London EC2P 2BD

**Registrar and Transfer Office**
National Westminster Bank PLC
Registrar's Department
P.O. Box 82
37 Broad Street
Bristol BS99 7NH

**Principal Paying Agent and Exchange Agent**
National Westminster Bank PLC
Stock Office Services
20 Old Broad Street
London EC2N 1EJ

**Paying Agents**
Morgan Guaranty Trust Company of New York
35 Avenue des Arts
B-1040 Brussels

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
P.O. Box 1108
Luxembourg

**Legal Advisers to the Underwriters**
Slaughter and May
35 Basinghall Street
London EC2V 5DB

Advokatfirman Södermark
Birger Jarlsgatan 15
S-111 45 Stockholm

**Legal Advisers to the Kingdom**
Norton, Rose, Botterell & Roche
Kempson House
Camomile Street
London EC3A 7AN

**Brokers**
Hoare Govett Limited
319-325 High Holborn
London WC1V 7PB
and
The Stock Exchange in London

W. Greenwell & Co.
Bow Bells House
Bread Street
London EC4M 9EL
and
The Stock Exchange in London

Rowe & Pitman
City Gate House
39-45 Finsbury Square
London EC2A 1JA
and
The Stock Exchange in London

### PROCEDURE FOR APPLICATION

Each application for Stock must be made in the form of the application form provided herewith and must be lodged with National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD not later than 10.00 a.m. on Thursday, 11 October, 1984 and must comply with the provisions of "Terms of Payment in Respect of Applications" below.

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock:—

| Amount of Stock applied for | Multiple |
|---|---|
| £100 to £2,000 | £100 |
| £2,001 to £20,000 | £500 |
| £20,001 to £100,000 | £1,000 |
| £100,001 or greater | £25,000 |

Morgan Grenfell & Co. Limited, on behalf of the Kingdom, reserves the right to reject any application and to accept any application in part only. If any application is not accepted, the amount paid on application will be returned by post at the risk of the person submitting the application without interest and, if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned without interest. Pending subscription or return such amounts paid will be held in a separate account.

Morgan Grenfell & Co. Limited, on behalf of the Kingdom, will announce the basis of allotment by 9.30 a.m. on Friday, 12 October, 1984. It is expected that confirmation of allotments will be despatched on that day. Acceptances of applications for Stock will be conditional upon, *inter alia*, the Council of The Stock Exchange admitting the Stock to the Official List on or before Wednesday, 17 October, 1984. No applications for Stock will be accepted or, as the case may be, acceptances of applications for Stock will become void, if the Underwriters exercise their right to terminate the Underwriting Agreement if the conditions are not fulfilled (see "General Information — Underwriting Arrangements" below).

### TERMS OF PAYMENT IN RESPECT OF APPLICATIONS

Each application, unless made by a recognised Bank or Stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque made payable to "National Westminster Bank PLC" and crossed "Sweden Loan", representing payment at the rate of £20 per cent. of the nominal amount of Stock applied for. Such cheques must be drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

The alternative method of payment is available only to recognised Banks or Stockbrokers who irrevocably undertake in the application forms lodged by them to pay National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD, for credit to the account designated "Sweden Loan" by 10.00 a.m. on Wednesday, 17 October, 1984 the amount in Town Clearing Funds representing payment at the rate of £20 per cent. of the nominal amount of Stock in respect of which their applications shall have been accepted.

Morgan Grenfell & Co. Limited, on behalf of the Kingdom, reserves the right to instruct National Westminster Bank PLC to retain the relevant allotment letters and to delay the return of surplus application moneys (if any) pending clearance of applicants' remittances.

The balance of the amount payable on any Stock allotted must be paid so as to be cleared on or before 27 March, 1985. Such balance may be paid in advance of its due date but no discount will be allowed or interest paid on such balance for any period prior to 27 March, 1985. Failure to pay such balance when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of two per cent. above the Base Rate from time to time of National Westminster Bank PLC may be charged on such balance if accepted after its due date. The Kingdom further reserves the right, in default of payment of such balance, to sell any such Stock fully paid for its own account.

The expression "recognised Bank or Stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979 and any firm of stockbrokers which is a member of The Stock Exchange of the United Kingdom and the Republic of Ireland and such other banks or brokers as Morgan Grenfell & Co. Limited, on behalf of the Kingdom, shall at its absolute discretion agree for the purposes of the issue.

The expression "Town Clearing Funds" shall mean a cheque or banker's payment for £10,000 or more drawn on a Town Clearing Branch of a bank in the City of London.

### DELIVERY

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched on Wednesday, 17 October, 1984 by first class post to, and at the risk of, the person submitting the application in accordance with the instructions stated on the application form.

Allotment letters may be split up to 3.00 p.m. on 25 March, 1985 in accordance with the instructions contained therein into denominations or multiples of £100 nominal amount of Stock in registered form and £10,000 nominal amount of Stock in bearer form.

Unless a duly renounced allotment letter with the registration application form and/or the form of application for Stock in bearer form duly completed is received by National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD on or before 27 March, 1985 the Stock represented by such allotment letter will, provided it is fully paid, be registered in the name of the original allottee and thereafter Stock in registered form will be transferable only by instrument of transfer.

Allotment letters will provide for Stockholders to elect to take delivery of Stock in bearer rather than registered form. Stock in bearer form will be represented by bearer bonds which will be available in the denomination of £10,000.

Each Stockholder who elects in the allotment letter to receive bearer bonds may elect to receive them in one of the three following ways:

(a) by collection from the offices of National Westminster Bank PLC, Stock Office Services, 20 Old Broad Street, London EC2N 1EJ;

(b) by post at the risk of the applicant. National Westminster Bank PLC will insure any package destined for an address in the United Kingdom provided a cheque payable to National Westminster Bank PLC is enclosed with the allotment letter made out for £5 per £10,000 nominal amount of bearer bonds to be sent (minimum payment £5). Insurance rates for other countries will be quoted on request; or

(c) by delivery to an existing account with the Euro-clear Operations Centre or CEDEL S.A.

Bearer bonds are expected to be available for delivery on and after 17 April, 1985.

Stock certificates in respect of Stock in registered form will be despatched to the registered holders (in the case of joint holders to the first named) at their registered addresses by National Westminster Bank PLC on 17 April, 1985. After such date the relevant allotment letters will cease to be valid for any purpose.

No Stock certificate will be issued and no bearer bond will be delivered unless the Stock to be represented thereby is fully paid.

### DETERMINATION OF RATE OF INTEREST AND ISSUE PRICE

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a gross redemption yield determined on the basis described below (the "Issue Yield").

The Issue Yield shall mean the sum of 1.35 per cent. and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13½ per cent. Treasury Stock 2004-08 at 3.00 p.m. on Wednesday, 10 October, 1984, the price of such Treasury Stock to be the price determined by Morgan Grenfell & Co. Limited to be the arithmetic mean of the bid and offered prices quoted on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The gross redemption yield will be expressed as a percentage and will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Vol. 105, Part 1, 1978, page 18.

The rate of interest attaching to the Stock will be determined by Morgan Grenfell & Co. Limited and will be an integral multiple of ⅛ per cent. and will be consistent with an issue price as near as possible to £92 per cent. The issue price will also be determined by Morgan Grenfell & Co. Limited and will be expressed as a percentage rounded to three places of decimals (with 0.0005 being rounded upwards).

It is intended that notice of the Issue Yield, rate of interest and issue price will be published in the *Financial Times* on Thursday, 11 October, 1984.

### INFORMATION RELATING TO THE STOCK

The issue of the Stock was authorised by a resolution of the Board of Commissioners of Riksgäldskontoret (the Swedish National Debt Office), representing the Kingdom, passed on 4 October, 1984 and will be constituted by a Deed Poll to be entered into by the Kingdom. The following is a summary of, and is subject to, the detailed provisions of the Deed Poll, copies of which will be available for inspection at the offices of the Registrar and the paying agents referred to below.

**Status**

The Stock will be a direct, unconditional and general obligation of the Kingdom and the full faith and credit of the Kingdom will be pledged for the due and punctual payment of the principal and interest in respect of the Stock and for the performance of all obligations of the Kingdom with respect thereto. The stock will rank *pari passu* with all other unsecured indebtedness (as that term is defined in the Deed Poll) of the Kingdom from time to time outstanding.

**Form**

The Stock will be available either in registered form ("Registered Stock") or in bearer form ("Bearer Stock"). On or after 17 April, 1985 and subject as hereinafter provided, Registered Stock may be exchanged in nominal amounts of £10,000 or integral multiples thereof for Stock in bearer form and Bearer Stock may be exchanged for Registered Stock. Bearer Stock will be represented by bearer bonds which will be available in the denomination of £10,000 each (the "Bearer Bonds").

All applications for the exchange of Registered Stock for Bearer Bonds and vice versa shall be made by the holders of Registered Stock or Bearer Bonds, as the case may be, lodging an application for exchange duly completed, in accordance with the instructions thereon, at the office of the Exchange Agent referred to below and will be irrevocable.

The initial Exchange Agent and the initial Registrar is National Westminster Bank PLC at Stock Office Services, 20 Old Broad Street, London EC2N 1EJ and Registrar's Department, P.O. Box 82, 37 Broad Street, Bristol BS99 7NH respectively.

The Registered Stock will be transferable in amounts and multiples of one penny by an instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1963 of Great Britain applied.

The Bearer Bonds will be transferable by delivery.

**Interest**

The Stock will bear interest from 17 October, 1984 at a rate per annum to be determined in accordance with "Determination of Rate of Interest and Issue Price" above. Interest will be payable (less, where applicable, United Kingdom income tax) by equal half yearly instalments on 15 January and 15 July (the "Interest Payment Dates") in each year except that the first payment of interest in respect of the period from 17 October, 1984 to 15 July, 1985 will be made on 15 July, 1985 and will be calculated on the amount for the time being paid up on the Stock and on the basis of the number of days elapsed and a 365 day year. In respect of repayments of principal of, and payments of interest on, Bearer Bonds, the Kingdom will at all times maintain a paying agent in London and in at least one country in Europe other than the United Kingdom.

**Redemption**

The Kingdom will redeem the Stock at par on 15 July, 2012.

The Kingdom may at any time purchase Stock in the open market at any price or by private agreement at a price (exclusive of accrued interest and expenses) not exceeding 115 per cent. of the middle market quotation of the Stock on The Stock Exchange in London (or, failing such quotation, on such other stock exchange or securities market on which the Stock is listed for the time being) at the close of business on the last business day before the date of purchase, but not otherwise. The Kingdom will be entitled to hold and deal with Stock purchased in accordance with the terms of this paragraph and such Stock may be cancelled or not as the Kingdom thinks fit.

**Modification of Rights**

The conditions of the Stock, the provisions of the Deed Poll and the rights of the Stockholders are subject to modification by Extraordinary Resolution of the Stockholders as provided in the Deed Poll.

**Governing Law, Jurisdiction and Waiver of Immunity**

The conditions of the Stock and the provisions of the Deed Poll will be governed by and construed in accordance with the laws of England except with respect to their authorisation and execution by and on behalf of the Kingdom and any other matters required to be governed by the laws of the Kingdom. The Kingdom will irrevocably agree that any proceedings arising out of or in connection with the Stock may be brought in the English courts or in any competent court in the Kingdom and will submit to the jurisdiction of, and, to the extent that it is legally able to do so, will waive irrevocably any immunity to which it might otherwise be entitled in proceedings brought in, each such court.

### USE OF PROCEEDS

The net proceeds to be received by the Kingdom from the issue of the Stock will initially be added to the Kingdom's foreign exchange reserves with the Sveriges Riksbank (the Swedish Central Bank) and the kronor equivalent will be credited to Riksgäldskontoret.

### STOCK EXCHANGE DEALING

The Stock in both registered and bearer form will be dealt in on The Stock Exchange in London in the Gilt-edged market. The Stock will normally be traded for settlement and delivery on the working day after the date of the transaction. Under current market practice, the price of the Stock will be quoted inclusive of accrued interest until the Stock has five years or less to run until final maturity.

It is expected that dealings on The Stock Exchange will begin on Friday, 12 October, 1984 for deferred settlement on Thursday, 18 October, 1984.

### UNITED KINGDOM TAXATION

In the case of interest payable in respect of Registered Stock, United Kingdom income tax will be deducted from each payment except that, under current law and Inland Revenue practice, payments will be made gross to persons whose registered addresses (and, if different, the addresses to which the payment is to be sent) are outside the United Kingdom provided that (i) the payments are made direct to an address abroad other than to a branch of a United Kingdom company, and (ii) the Registrar does not recognise the registered holder as a person in the United Kingdom and does not recognise that payment is being made to or for the account of such a person. Persons who are not resident for tax purposes in the United Kingdom may apply, by sending a claim form A3 to the Inspector of Foreign Dividends, for exemption from United Kingdom income tax on grounds of non-residence.

In the case of interest payable in respect of Bearer Stock through a paying agent in the United Kingdom, United Kingdom income tax will be deducted from each payment in the absence of an affidavit to the effect that the beneficial owner of the Bearer Stock is not resident for tax purposes in the United Kingdom.

Stockholders who are liable to United Kingdom tax on capital gains should note that the Finance Act 1984 exempts from tax capital gains on Stock provided the Stock is held by them for more than one year.

### GENERAL INFORMATION

**Underwriting Arrangements**

By an Underwriting Agreement dated 8 October, 1984, Morgan Grenfell & Co. Limited, Samuel Montagu & Co. Limited, S.G. Warburg & Co. Ltd., Baring Brothers & Co., Limited, County Bank Limited, Kleinwort, Benson Limited and J. Henry Schroder Wagg & Co. Limited (the "Underwriters") have agreed with the Kingdom to underwrite the issue of the Stock. The Underwriting Agreement is subject to certain conditions and Morgan Grenfell & Co. Limited, on behalf of the Underwriters, may terminate the Underwriting Agreement if such conditions are not fulfilled. If the Underwriting Agreement is so terminated, no applications for the Stock will be accepted or, as the case may be, acceptances of applications for the Stock will become void.

The Kingdom has agreed to pay to the Underwriters commissions aggregating 125p per £100 of Stock for their services as managers and underwriters of the issue out of which will be paid commissions to the brokers to the issue, Hoare Govett Limited, W. Greenwell & Co. and Rowe & Pitman, and certain other persons who have accepted sub-underwriting participations in respect of the issue of the Stock. The Kingdom will also pay brokerage of 12½p per £100 of Stock to recognised Banks or Stockbrokers on allotments made in respect of applications on forms bearing their stamp; this commission will not, however, be paid in respect of any allotment which arises out of an underwriting commitment. The total expenses of the issue (including the above-mentioned commissions but excluding brokerage) are estimated to amount to about £1,325,000 and are payable by the Kingdom.

**General**

Application will be made to Euro-clear Operations Centre and CEDEL S.A. for the Bearer Bonds to be accepted for clearance.

Under present legislation both Registered Stock and Bearer Bonds are transferable free from United Kingdom Stamp Duty.

The Stock is not an investment falling within the First Schedule to the Trustee Investments Act 1961.

**Documents for Inspection**

Copies of the following documents will be available for inspection at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB during normal business hours until 24 October, 1984:—

(i) the Underwriting Agreement referred to above;

(ii) a draft, subject to modification, of the Deed Poll referred to above;

(iii) page 18 of the Journal of the Institute of Actuaries Vol. 105, Part 1, 1978; and

(iv) certified translations of extracts from the following Statutes pursuant to which the Stock is to be issued: the Constitution Act (Swedish Code of Statutes 1982: 940) and the Act on the Swedish National Debt Office promulgated on 16 December, 1982 (Swedish Code of Statutes 1982: 1158).

**Additional Copies**

Copies of the Prospectus and application form may be obtained from the brokers to the issue at the addresses shown above and from:—

Morgan Grenfell & Co. Limited
New Issues Department, 21 Austin Friars, London EC2N 2HB

National Westminster Bank PLC
New Issues Department, P.O. Box 79,
2 Princes Street, London EC2P 2BD
208 Piccadilly, London W1A 2DG
80 George Street, Edinburgh EH2 3DZ
14 Blythswood Square, Glasgow G2 4AQ

## APPLICATION FORM

**The application list will open at 10.00 a.m. on Thursday, 11 October, 1984 and will close later the same day. This form must be lodged with National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD.**

### Kingdom of Sweden

**ISSUE ON A YIELD BASIS OF £100,000,000 LOAN STOCK 2012**

Payable as follows: On application: £20 per cent. of the nominal amount.
On or before 27 March, 1985: the balance of the issue price.

| FOR OFFICE USE ONLY |
|---|
| 1. Acceptance No. |
| 2. Amount of Stock accepted £ |
| 3. Amount received on application £ |
| 4. Amount payable on Stock accepted £ |
| 5 Amount returned £ |
| 6 Balance payable £ |
| 7. A.L. No |
| 8. Cheque No. |

To Morgan Grenfell & Co. Limited on behalf of the Kingdom of Sweden:

In accordance with the terms of the Prospectus dated 9 October, 1984, I/we apply as below. I/We undertake to accept the amount of Stock applied for or any less amount that may be allotted in respect of this application and to pay for the same in conformity with the terms of the said Prospectus.

| Nominal amount of the Stock applied for | Amount enclosed at £20 per cent. of the nominal amount applied for |
|---|---|
| £ | £ |

**Note: Applications must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock:**

| *Amount of Stock applied for* | *Multiple* | *Amount of Stock applied for* | *Multiple* |
|---|---|---|---|
| £100 – £2,000 | £100 | £20,001 – £100,000 | £1,000 |
| £2,001 – £20,000 | £500 | £100,001 or greater | £25,000 |

I/We enclose a cheque drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses made payable to "National Westminster Bank PLC" and crossed "Sweden Loan" representing payment at the rate of £20 per cent. for the above mentioned nominal amount of Stock. I/We agree that this application shall be irrevocable. I/We understand that completion and delivery of this Application Form accompanied by my/our cheque constitutes a representation that the same will be honoured on first presentation. I/We hereby undertake to pay the balance payable on the Stock by 27 March, 1985 on any allotment made to me/us in respect of this application and I/we understand that failure to pay such balance by the due date will render the amount previously paid liable to forfeiture and the allotment liable to cancellation. I/We acknowledge that any allotment letter and (if appropriate) remittance for any application moneys returnable to me/us is (are) liable to be held pending clearance of such cheque.

I/We hereby request that any Stock allotted to me/us:

*(Delete box A or B as appropriate)*

**Box A**
Be evidenced by an allotment letter addressed to me/us and be sent by post at my/our risk to me/us at the first address shown below.

**Box B** *For persons with a Euro-clear account only*
Be evidenced by a Global allotment letter addressed to Euro-clear Operations Centre and that our participation therein (in a minimum amount of £10,000 nominal and integral multiples thereof) be credited to our existing securities account at:

EURO-CLEAR A/c No. ............

*Date. .......... October, 1984*

Please use BLOCK LETTERS.

(1) *Usual Signature* ..............................
*Forenames* ..............................
*Surname* ..............................
*(also state designation, Mr., Mrs., Miss, Ms or title)*
*Address in full* ..............................

**Joint Applicants (if any):**
*In the case of joint applicants, all must sign and in the case of a corporation, this form must be signed under hand by an authorised official who should state his capacity.*

(2) *Usual Signature* ..............................
*Forenames* ..............................
*Surname* ..............................
*(also state designation Mr., Mrs., Miss, Ms or title)*
*Address in full* ..............................

(3) *Usual Signature* ..............................
*Forenames* ..............................
*Surname* ..............................
*(also state designation Mr., Mrs., Miss, Ms or title)*
*Address in full* ..............................

(4) *Usual Signature* ..............................
*Forenames* ..............................
*Surname* ..............................
*(also state designation Mr., Mrs., Miss, Ms or title)*
*Address in full* ..............................

Please pin cheque here.

**ALTERNATIVE METHOD OF PAYMENT**
*(This method of payment is available only to recognised Banks or Stockbrokers as described in the Prospectus).*
We hereby irrevocably undertake to pay National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD for credit to the account designated "Sweden Loan" by 10.00 a.m. on Wednesday, 17 October, 1984 the amount in Town Clearing Funds representing payment at the rate of £20 per cent. for the Stock allotted to the person(s) named above in respect of this application.

*Authorised Signature* ..............................

*Name of bank or broker* ..............................
*Address in full* ..............................
*Date* ..............................

| Stamp of bank or broker claiming brokerage (if any) | A.L. No. | Stock allotted |
|---|---|---|
| | | |

# INTERNATIONAL COMPANIES and FINANCE

## Excelsior Hotel put up for sale by Hongkong Land

BY DAVID DODWELL IN HONG KONG

HONGKONG LAND, the deeply-indebted property company, has put the Excelsior Hotel in Hong Kong up for sale, with a likely price tag of HK$740m (U.S.$94.9m).

The company said yesterday that it was discussing with a number of unidentified potential buyers the possible sale of the hotel. It is owned through Hongkong Land's subsidiary, Mandarin International Hotels, and is the group's second largest hotel in Hong Kong. The largest is the Mandarin itself, rated among the best hotels in the world.

Hongkong Land has been struggling to contain its debts since the collapse of the Colony's property market in 1982. Group debt currently stands at HK$14.2bn. The disposal of assets "not considered central to the group's overall objectives" has never been ruled out by Mr David Davies, the group's recently-appointed chief executive, and has been widely expected.

In January this year, the group sold 72m shares in Jardine Matheson, reducing its stake in the company from 43 per cent to 25 per cent and raising an estimated HK$860m.

Yesterday the company refused to disclose what price it hoped to get for the Excelsior, noting that details would remain confidential while negotiations continued. It is nevertheless understood that it will be looking for about HK$740m for the 951-room hotel.

Land recently revealed consolidated profits for the first half of 1984 of HK$175m, compared with a restated loss of HK$10m for the same period in 1983. Mr Davies said at the time: "These are not easy days."

The cost of interest payments on group debt amounted to HK$539m during the first half of the year, almost HK$150m higher than in the first half of 1983. As debt is expected to increase to HK$14.7bn by the end of the year, interest payments could rise well above HK$1.2bn for the full year. Debts are expected to peak "in two or three years" at around HK$16bn.

Mr Davies has categorically denied suggestions that the group is considering the sale of the Mandarin Hotel, or of its supermarket chain, Dairy Farms. These he defines as "core businesses." The Excelsior was not regarded as central because of a company policy to expand its hotel business on the basis of one hotel in every major city location, he said.

● Everbright Industrial Corporation, a company set up last year by China and based in Hong Kong, expects to do US$350m-worth of business this year, according to Wang Guangying, chairman, AP-DJ reports from Peking.

Everbright has signed contracts worth US$278m since its formation. The corporation was initially financed by the Chinese Government under its policy of opening to the outside world.

The company has brought nearly 100 types of modern technology into China to upgrade existing industries, including natural gas equipment for the Daqing oil field, the nation's largest. Its joint ventures with foreign investors include an insulating glass factory in the Shenzen special economic zone across the border from Hong Kong, a brewery in Wuhan and a videotape factory in Jiangxi Province.

## Malayan Banking forecasts 20% rise

By Wong Sulong in Kuala Lumpur

MALAYAN BANKING, Malaysia's second largest banking group, expects a continuation of strong growth and is projecting at least a 20 per cent increase in after-tax profits to 121.8m ringgit (U.S.$50.7m) for the year to June 1985. For 1983-84 its after-tax profits rose by 21 per cent to 101.6 ringgit.

The forecast for 1984-85 was made in a circular to shareholders seeking approval for the bank to raise a record 630m ringgit to finance its expansion plans, which include the building of a 58-storey headquarters in Kuala Lumpur.

The funds would come from a one-for-four rights issue, priced at 6 ringgit a share, and the issue of 360m ringgit of unsecured convertible loan stock bearing 8 per cent interest. A one-for-four scrip issue is also proposed.

The dividend for the current year is expected to be 18 cents a share on paid-up capital of 270m ringgit compared with 22 cents on the present capital of 180m ringgit.

## Philphos allowed to lift foreign equity

BY LEO GONZAGA IN MANILA

THE PHILIPPINE Phosphatic Fertilizer Corp (Philphos) has become the fourth local entity in which foreign investments in excess of the 40 per cent statutory ceiling have been allowed since the issuance about a year ago of Presidential Decree number 1892 which temporarily lifted the legally allowable maximum.

Philphos has been authorised by the Board of Investments (BOI) to accept additional investments of 132m pesos ($7.25m at the current official exchange rate) from the Nauru government. This raises the foreign equity in the fertilizer maker from 40 per cent to 49 per cent and reduces the Philippine government's equity from 60 per cent to 51 per cent.

Last August the company started test operations of its ammonium sulphate plant in Isabel, in the East central Philippines, the first of four production units of its complex there. The three others are a sulfuric acid plant, a phosphoric acid plant, and a granulation plant. They are due to have trial runs before the end of the year.

The presidential decree is complemented by Central Bank circular number 970 which authorises a local or resident company to import raw materials and other production inputs and convert their value into equity in favour of a supplier company, whether a joint-venture partner or a corporate parent.

Under this circular the ownership of Adamson and Adamson Inc recently became 41.5 per cent foreign-owned as a result of the conversion to equity of 17.8m pesos worth of raw materials from its Hong Kong-based, British-owned parent.

Japan's Taihei Dengyo Kaisha has been allowed to increase its equity in Taihei Alltech Construction Philippine from 25 per cent to 100 per cent, wiping out the existing 75 per cent local equity and Intermediare Campagne of West Germany has received permission to boost its holding in Schon-Haar Mercantile from 30 per cent to 55 per cent, reducing the local equity content from 70 per cent to 45 per cent.



## Conic Investments plans capital reconstruction

BY OUR HONG KONG CORRESPONDENT

CONIC INVESTMENTS, the troubled Hong Kong electronics group now effectively controlled by mainland Chinese interests, yesterday announced plans for a capital reconstruction, shortly to be followed by the placement of new shares amounting to about HK$300m (U.S.$38.4m).

The plans, which are long overdue, follow the near-collapse of the company in June this year when it announced after a three-week stock market suspension that it had made losses in 1983 after extraordinary items of HK$374m.

Wardley, the group's financial advisers, said yesterday that full details of the plan could be expected within 10 days. Conic revealed with its announcement a net loss before extraordinary items for the first six months of 1984 of HK$26.3m, compared with an *interim loss of HK$22.1m last* year. Extraordinary losses amounted to HK$2.2m. No dividend is to be paid.

Conic was Hong Kong's largest electronics group, when taken together with its private associate, Hobic. It was effectively rescued by mainland Chinese interests in January this year when Sin King Enterprises, a group controlled by the Bank of China, and China Resources, the mainland's main trading arm in Hong Kong, acquired a 34.8 per cent stake in the company in return for a capital injection of HK$178m.

Since the announcement of losses in June—which included potentially irrecoverable debts of HK$217m owed by a "major single *shareholder*"—Mr Alex Au Yan-Din, the group's founder chairman, and almost all of his board have resigned. The current whereabouts of Mr Au are not known.

The group is now headed by *Mr Xue Wenlin, an executive* director of the Bank of China in Peking.

## Ned-Equity rights issue

BY JIM JONES IN JOHANNESBURG

NED-EQUITY, the South African life insurance company, jointly controlled by the Dutch Insurance Group Nationale-Nederlanden and the South Africa's Sage Holding, is to make a rights issue which will leave Sage with 75 per cent of Ned-Equity's ordinary shares.

At present Sage and Nationale-Nederlanden have equal shares in the private company Nationale Nederlanden-Sage (NNS) which in turn owns 76.4 per cent of Ned-Equity's ordinary share capital.

The additional capital is needed, Ned-Equity says, to *accommodate* a *significant* expansion which will increase the company's share of the life assurance market.

Following completion of the rights offer Sage intends offering its own shares to Ned-Equity shareholders on the basis of 37 Sage for 100 Ned-Equity. A cash alternative will be provided by Sage's associate UAL merchant bank which will offer R7 for every Sage share received through conversion of Ned-Equity.

# UK COMPANY NEWS

## Welpac is confident after 32% profit rise

CONFIRMING THE confidence of his annual statement to shareholders last June, Mr G. S. Lavender, the chairman of Welpac, reports a 32 per cent rise in taxable profit for the six months to July 31 1984.

The interim result was £148,041 against £112,115. This emerged from turnover also up from £1.42m to £1.67m, and Mr Lavender now states that an improvement in both turnover and profit is "confidently expected" in the current six months.

Welpac is a wholesaler of prepackaged hardware and DIY products. It acquired a USM quotation last January.

The directors now restate their intention to recommend a dividend of 0.2p for the year to January 31 1985. There was no payment in respect of the last full period, having regard to the necessity to eliminate "small deficiencies" in the company's reserves.

These arose from its former business, the costs of the placing and of the acquisition of Welpac Hardware, where only a small proportion of profits would have been available for distribution as post-acquisition profits.

● **comment**

Too many USM companies slip into obscurity once the euphoria of their market debuts has died away. If Welpac has not gone in that direction already, its latest set of results is in danger of consigning it to an undeserved place in the City's bottom drawer until it can reveal a great deal more about its activities. The group's two-line statement gives no clue to the tax charge, attributable profits, or for that matter, to the impact of the £500,000 placing money on interest charges. It looks, however, as if there was a £27,000 positive swing on the interest account, which points to just a 7 per cent increase in operating profits in what is in any case a seasonally weak half. Year on year, sales are steaming ahead thanks to the success of the DIY superstores, which are becoming increasingly important customers. Welpac has long experience in turning round large orders quickly, and is doubling its warehouse space for a trial three months to pitch for even higher volumes. Full-year profits of £350,000 pre-tax look in reach, which leaves the shares, unchanged at 12½p—against the 10p placing price—on an apparently modest 12.3 times prospective earnings, assuming a 47 per cent tax charge.

## Glaxo soars £70m and pays 4p more

PROFITS BEFORE tax of Glaxo Holdings, pharmaceutical manufacturer, advanced by some £70m over the 12 months ended June 30 1984 and shareholders' dividend is being hoisted by 4p to 13p net by an increased final payment of 9p.

Group external sales expanded from £1.03bn to £1.2bn, after adjusting for the Indian Company becoming an associate and the sale of the Australian beverages division.

The figures included £325.5m (£281.3m) from Vestric, the group's principal pharmaceutical wholesaler in the UK.

Sales in the UK, excluding wholesaling, increased by £22m to £195m. Sales overseas were £719m, an increase of £185m over last year's adjusted figure.

Group trading profits improved by £61.9m to £235.3m. The pre-tax result, 37 per cent ahead at £256m (£186 restated), was struck after adding in associates' share of profits at £13.6m (£8.6m) and taking account of investment income less interest payable of £7.1m (£4.4m).

Taxable profits at the six months stage were ahead by £37m at £117.4m.

Weaker sterling increased sales for the full year by some £24m.

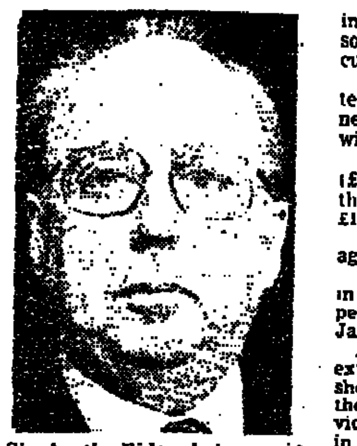
Zantac's success in the U.S. is thought to have given it a market share there of around 30 per cent. However, this did not give rise to a major impact on Glaxo's U.S. profits as the group has been investing heavily there to build up its local business.

The directors say Zantac is now available in some 80 countries. Its sales in 1983-84 were estimated at around £250m.

Other products said to have had reasonably good volume growth included the asthma preparation Ventolin and the Zinacef antibiotic.

The compulsory across-the-board cut in drug prices ordered in Japan in March last year had a substantial effect, as had been indicated at half-time. However, the directors say signs of a recovery in Japan are being seen.

Looking ahead, the group's new antibiotic used in cases of serious infection, Ceftazadime, is beginning to be launched on world markets although noreal benefit was felt in the figures for the year to June 30.



Sir Austin Bide, chairman of Glaxo Holdings

The antibiotic is available in the UK, Italy and Germany, and results of the marketing are said to have been "encouraging."

Glaxo is hoping to be able to introduce it into America and some other countries during the current financial year.

Tax for the past year accounted for £8.9m at £84.1m and left net profits at £171.8m, compared with £111.2m.

After minorities of £3.2m (£1.8m) available profits came through £59.3m higher at £168.7m.

Earnings emerged at 45.8p, against 29.9p, per 50p share.

The group reduced its interest in the Indian Company from 75 per cent to 40 per cent in January 1983.

At six months group sales to external customers and Vestric showed an increase of £66m over the restated figures of the previous year. Of this figure sales in the UK totalled £91m, an increase of 13 per cent.

The directors said in their interim statement that while sales of Ranitidine, the anti-ulcer drug, accounted for most of the group's overall sales growth there had been satisfactory improvements in sales of other major pharmaceutical products.

See Lex

## Tobacco machinery results hit Molins

A FURTHER downturn in demand for tobacco machinery has adversely affected the results of Molins for the six months ended June 30 1984.

At the trading level tobacco machinery profits slumped from £5.4m to £2.8m. The setback was, however, offset to some extent by a recovery in the corrugated board machinery sector which swung from losses of £1.8m to profits of £0.3m.

Pre-tax profits came through at £2.9m (£3.2m) after taking account of interest charges of £0.2m (£0.4m).

Sir Harry Moore, chairman, says the overall results were in line with the forecast given in his statement which accompanied the 1983 accounts.

He tells shareholders that there was little change in the difficult conditions in many important markets for tobacco machinery. This led to an impact on sales generally.

In addition to this it has taken longer than originally envisaged to complete the full commercial development of the group's major new projects.

The group expects trading conditions for tobacco machinery to continue to be difficult and highly competitive. The action taken at Deptford, South London, coupled with the continuing development of product range, will improve the competitive situation although this will have some effect on the current year's results.

Sir Harry also expects that the Langston situation will improve, but much depends upon the strength of the U.S. dollar. In view of all these factors, he expects profits for the full year will be lower than 1983's £7.1m pre-tax.

The group's balance sheet remains strong, in spite of the substantial costs involved in the reconstruction of the Deptford business. Gearing remains low and substantial cash balances are being maintained.

The costs of the Deptford restructuring will be borne in the second six months and will be treated as an extraordinary item. It is estimated that the sum involved will be in the order of £6m net.

Group turnover for the first half amounted to £60.9m, compared with £65.4m. Molins manufactures specialised machinery for the tobacco and corrugated board and container industries. It has operating units in the UK, the U.S., Brazil, India and Australia.

Tax took £1.2m (£0.4m) to leave net profits at £1.7m, compared with £2.8m.

Earnings fell from 9.6p to 6.2p per 25p share, but the interim dividend is being held at 2.2p net.

As expected there was an improvement in demand generally for corrugated board machinery, although there is still intense price competition from outside the U.S., due to the strength of the dollar.

In consequence, margins in the group's U.S. business remain extremely thin.

With better market conditions, and with some further reorganisation to reduce costs, Langston U.S. made a small profit for the half-year. Langston UK made a modest profit.

An extraordinary general meeting has been convened for November 5 to consider proposals for an incentive scheme for senior managers who are likely to have a major influence on the future profitability of the group.

● **comment**

It looks as if Molins will be rated as an income stock for a little while longer yet. The announcement of a 10 per cent profits decline is in keeping with the directors' earlier pronouncements and the market's expectations of £6m pre-tax for the year. But coming up with the expected is not going to breath fresh life into the 114p shares where the yield is 10 per cent. Trading profits from the tobacco machinery division are virtually halved as, for different reasons, demand fell away both in the developed and underdeveloped markets. A great deal of hope is pinned on the new generation of technically advanced machines, but it could be a year or more before the profit figures reflect any benefit and then only if manufacturers can be convinced to reinvest significant capital sums when they already face overcapacity (albeit with less advanced machinery). Corrugated board operations have at last returned to the black in the U.S. but again the market remains highly competitive and sensitive to the dollar's movements on foreign exchange markets. Molins needs to return these core businesses to respectable profit levels before the shares can be rerated and perhaps by then the market will have a clearer picture of its tentative moves into security printing.

## Disc drive problems check CPU

IN THE YEAR to June 30 1984, CPU Computers saw taxable profits rise from £1.43m to £1.92m, but the directors of this USM-quoted computer systems manufacturer say that the main feature affecting the second half results was the decline in sales of disc drives by Shugart, a subsidiary of the U.S. Xerox Corporation.

The exclusive distribution agreements between CPU and Shugart in the UK and Germany have been terminated, and CPU has commenced legal proceedings to claim damages for breach of contract.

A provision of £120,000 net has been made against Shugart stocks, shown as part of an extraordinary £293,000 debit (nil), and the directors state that without this the taxable figure would have increased by 44 per cent to £2.05m. They add that the problems associated with Shugart will continue to be reflected in the current first half.

A final dividend of 0.9p net per share makes the total for the year 1.4p, compared with a single payment of 0.35p last time. Earnings are shown as 6.3p per share (4.4p).

Turnover increased from £19.19m to £22.88m.

The tax charge rose by £139,000 to £816,000 and minorities took less at £87,000 against £98,000. A £173,000 deferred tax provision made up the balance of the extraordinary item, after which attributable profits were £720,000 (£651,000).

Looking to the future the directors are taking immediate steps to replace the Shugart business.

They remain confident of the prospects for the long term future of the group.

● **comment**

CPU's results came in well below the City's expectations and — the group claims accidentally — well after the close of trading. Analysts promptly cut their current year profits forecasts by £500,000 or so to around £2.75m pre-tax, but the shares were unchanged at 143p, 15 times prospective earnings after a 45 per cent tax charge. The loss of the Shugart distributorship and with it 30 per cent of group turnover provides a salutary lesson about keeping too many eggs in one basket. CPU should be able to make up the difference, at least by the end of this year, but this time with a hopefully more stable variety of non-exclusive arrangements rather than a single exclusive supplier. Meanwhile, manufacturing output, helped by the acquisition of CAL's marketing experience, is growing fast. CPU shipped 50 Octopus micros in the first half, rising to well over 1,000 in the second. Some commentators are looking for Octopus sales to climb to 1,000 units a month in the current year, although the company is not inclined to give much away on the front.

## Transcontinental shares return

DEALINGS in shares of Transcontinental Services are expected to resume on the London Stock Exchange on November 12. The shares of this investment company, which is 30 per cent owned by Charterhouse J Rothschild, were suspended on December 15 last year at 190p. An unchanged final dividend of 6p gross per share is to be paid for the year to March 1984.

Before relisting, shareholders are to be given the opportunity of realising their investment by selling their shares direct. The price paid will be based on the fully diluted net asset value per share at October 29. The value as of September 18 was 206p.

The suspension in December followed the sale of Transcontinental's trading activities to Inchcape, for £34.5m. The intention has been to transform the company into a specialised investment house: the Stock Exchange ruled that until investment plans were further advanced Transcontinental should be viewed as a cash shell, and as such suspended from trading.

Mr Jacob Rothschild, who is to stand down as chairman, tells shareholders that investments so far undertaken by Transcontinental include a £2.7m stake in St Regis Corp, subsequently sold at a £1.2m profit, and holdings in Trans World Corp and Carson Pirie Scott & Co.

Mr Rothschild states that shareholders will be given a further chance of selling their shares about a year from now at a price based on asset value then. He also warns that since the company's policy is to aim for capital growth, future dividends may be lower than in the year to March 1984.

### DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Amari | int. | 1 | Nov 14 | — | — | — |
| Boustead | int. | nil | — | 0.5 | — | 0.5 |
| Bray Tech. | int. | 1§ | Nov 2 | 1 | — | 2.5 |
| Burndene | | 0.35 | — | nil | 0.35 | nil |
| CPU | | 0.9‡† | Nov 30 | 0.35 | 1.4 | 0.35 |
| Edinburgh Inv. | int. | 1 1 | Dec 3 | 1 | — | 2.5 |
| Glaxo | | 9 | Jan 3 | 6.25 | 13 | 9 |
| Hammerson Prop. | int. | 2 | [illegible] | [illegible] | — | 7.5* |
| Ibstock Johnsen | int. | 2.5 | Dec 4 | 1.75 | — | 5.5 |
| London and Edin. | int. | 2.5 | [illegible] | — | — | 3 |
| Microlease | int. | 1‡ | Dec 3 | — | —¶ | 2 |
| Molins | | 2.2 | Nov 30 | 2.2 | — | 7.9 |
| Ruo Estates | int. | 4 | Nov 23 | 2 | — | 7 |
| Scot. Metropolitan | | 2.15† | Jan 14 | 2 | 3.75 | 3.5 |
| Westminster & Country | | 4.75 | — | 3.75 | 7.5 | 6 |
| Winchmore | int. | nil | — | nil | —¶ | 0.75 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Increased total of 3p forecast. Last year's final of 0.75p to be maintained.

## Sovereign Oil at £7.7m and seeks £18m by rights

Sovereign Oil & Gas has announced interim pre-tax profits to end-June 1984 of £7.66m, against £59,000 in the previous year. The group also proposes a one-for-four rights issue at 205p, to raise £18m, and forecasts a full year pre-tax figure of not less than £15.5m. Sovereign's shares fell 15p yesterday to 240p.

About half of the rights issue cash will be used to pay off borrowings of $13.6m incurred to finance the purchase of a 2 per cent stake in the Claymore Field earlier this year. The rest, say the directors, "will provide the ability to expand exploration and development activities both in the UK and overseas." Sovereign intends to apply for a number of licences in the North Sea ninth round, both as operator and as a member of consortia.

The interim profit figure was achieved on turnover of £21.4m, and was struck after net interest charges of £765,000 and exploration costs of £1.99m. Deferred tax of £2.96m has been provided for, leaving a net profit of £4.7m (£59,000), equivalent to 13.05p (0.16p) per share.

Managing director Mr D. Biggins said of the rights issue: "We have sufficient internally generated funds for our present exploration plans. But we are looking for growth into new areas—primarily the North Sea, but it would be prudent to start moving gradually overseas, so as not to have all our eggs in one basket."

Sovereign has received undertakings from certain of its shareholders that 57.5 per cent of the issue will be taken up; the remainder has been underwritten by Hambros Bank. It was conceded yesterday by the company that not all of its major shareholders would be taking up their full entitlement.

Holders of stakes of 5 per cent or more account for 68.7 per cent of the equity, with the largest holder being Canadian group, Hiram Walker, through its subsidiary Home Oil. The Home Oil stake of 22.9 per cent was acquired in August from Dome Petroleum.

Dealings in the new shares in nil paid form are expected to start on October 31, with the latest acceptance date being November 21. The company states its intention of starting to pay dividends next year, with the first payment due in October 1985.

● **comment**

The market was a little hard on Sovereign yesterday, marking the shares down to 11p below the theoretical ex-rights price of 251p. But though the profit figures were expected, the cash call was not—particularly given that at present Sovereign is clearly up to its elbows in cash flow from operations. But from the company's point of view, there will have been a sound opportunistic reason for the issue. The Dome stake, clearly up for sale, had overhung the market; its disposal to a long term holder, Home Oil, had led to a run-up in the shares in the past couple of months. And though the company is gradually moving to being a producer as against an explorer, drilling is still of equal importance, and the Brae holding looks particularly promising. Yesterday's drop in the share price looks a little overdone, but after recent strength there could be a period of consolidation.

### INDEX TO COMPANY HIGHLIGHTS



## CU has 5% increase in new premiums

Leading UK composite insurance group, Commercial Union Assurance, reports a 5 per cent rise from £19m to £19.9m in new annual premiums for its UK life and pensions business in the first nine months of this year. However, in the third quarter, new annual premiums were down to £5.2m, compared with £5.7m.

Single premium life and pension business in the UK more than doubled for the nine-month period, rising from £7.5m to £16m, with business up in the third quarter.

The success story for CU's UK life business has been the buoyancy of linked life and pensions following the revamping of its operations in this sector of the market.

Single premiums over the nine months have doubled from £4.5m to £9.3m, and new annual premiums have risen from £300,000 to £1.8m.

The withdrawal of Life Assurance Premium Relief (LAPR) by the Chancellor in this year's Budget does not seem to have had too great an impact in CU's life business.

New annual premiums on individual assurances rose from £12.1m to £13.8m, with the non-linked business marginally up.

New annual premiums on mortgage repayment low cost endowments rose marginally from £3.2m to £3.4m and annual premiums on term assurance also climbed marginally from £4m to £4.1m.

The main drop in annual premium business has come from CU's group pensions business, though personal and individual pensions business has been buoyant.

## Provincial Ins. plunges to £0.26m at six months

CONTINUING keen competition in the UK insurance market, together with the severe winter weather early this year, resulted in pre-tax profits of Provincial Insurance being drastically cut at the half-year from £6.14m last year to only £262,000.

A small tax credit left after-tax profit of £484,000, compared with £3.3m, for earnings of 5.03p against £34.45p.

Despite the drop in profits, Provincial is lifting its interim dividend from 9.5p to 10p.

Worldwide general insurance premium income rose nearly 22 per cent from £63.3m to £77m—the underlying growth, excluding exchange rate fluctuations, being 20 per cent. There was new business growth in both the UK and overseas, the latter being boosted by the inclusion of the new Danish subsidiary Nordlyset.

Investment income over the period improved by 20 per cent from £6.1m to £7.34m, boosted by Nordlyset's portfolio of high yielding fixed interest stocks. The underlying growth excluding this acquisition and exchange rate fluctuations was 6.7 per cent.

However, this investment income growth could not cover the deteriorating underwriting position where losses soared from £198,000 to £2.65m.

The company recorded strong premium growth in the UK with a 19 per cent rise to £51.3m. However, the severe winter storms in the northern part of the country, costing £3.2m, and inadequate premium levels resulted in underwriting losses moving from £255,000 last year to £6.5m. The household account recorded a £2.4m loss while the motor account some £2m on substantial premium growth.

Premium income overseas rose 38 per cent, with Nordlyset contributing 23 per cent of this growth. A small underwriting profit last year was turned into a £1.1m loss, most of which come from Australia and Denmark.

New life and pensions business in the first six months saw new annual premiums improve from £2.31m to £3.75m and single premiums from £17.17m to £48.08m.











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## Amari up at £3m and confident for year

IN LINE with expectations expressed when Amari came to the market last July, pre-tax profits have shown an increase from £1.47m to £3.04m for the first half of 1984. In the offer for sale prospectus the directors forecast a substantial increase for the year as a whole—and Mr Michael Ward Thomas, chairman, now confirms their prediction of not less than £5.4m. In the last full year profits came to £3.27m.

The net interim dividend of 1p was also forecast in the prospectus—the total for the year is expected to be 2.4p. Earnings per 25p share for the first half are shown as moving up from 2.9p to 5.2p.

Turnover of this metals and plastics stockholding and distribution group rose from £65.18m to £85.05m.

During the period under review Mr Thomas says that all divisions traded profitably and results continue to be excellent. The directors are therefore "confident" to confirm the profit forecast in the offer for sale document.

The return to the official list last July meant the group had returned to the market after a 10-year interval. A net £7m of new equity (after redemption of preference shares) was raised with the result that the consolidation net worth of the group now exceeds £22m.

Amari was the subject of an employee and institutional buy-out from BP in December 1983 for a total cost of £5m.

The £13.4m share offering by Amari last summer was largely rejected by the market due to the stock market shake-out at the time. Only 380 applications were received for a total of 332,500 shares from the 12.2m on offer.

For the period under review operating profits came through up from £2.34m to £3.94m from which net interest payable took £894,000 (£869,000).

Tax charge—estimated at 40 per cent—moved up from £792,000 to £1.2m. Minorities came to £45,000 (£44,000), leaving attributable profits ahead from £630,000 to £1.8m. Interim payments will absorb £290,000, and payments made for the period prior to the listing will take £517,000.

The directors point out that on July 1 1984 dividends were paid on the then share capital amounting to 6.06p per £1 ordinary share, and 26.48p per £1 preferred ordinary share. On July 25 dividends totalling £212,493 were paid on the £3.08m cumulative redeemable preference shares of £1 each.

MINING NEWS

# Gold mine profits lower in spite of record price

BY GEORGE MILLING STANLEY

THE WEAKNESS of the South African rand against the U.S. dollar, the currency in which gold sales are made, has resulted in the seven South African gold mines in the Consolidated Gold Fields group receiving a record average price in local currency terms for their production in the September quarter.

The average gold price received in the latest three months was R17,338 per kilogramme, which compares with R15,579 in the previous quarter and R16,479 at the height of the gold price boom in 1980. During that boom, the dollar price hit an all-time high of $850 per ounce on January 21, and averaged $656 in the third quarter of that year.

During the latest quarter, all the mines increased their working profits, but they also felt the full impact of the tax increases earlier in the year. In some cases, the tax charge was raised as a result of lower capital spending, and in spite of the high gold price, the combined after-tax profits of the mines fell by 5 per cent to R181.3m (£86.7m).

"The traditional pattern of capital expenditure, coupled with the effects of the annual wage and salary review, invariably causes a dip at this time," Mr Colin Fenton, head of the group's gold operations, said yesterday.

"The irony is that on this occasion it should have coincided with the highest rand price levels in the mines' history," he added.

| | Sept qtr R000 | June qtr R000 | Mar qtr R000 |
|---|---|---|---|
| Deelkraal | 10,951 | 9,013 | 9,351 |
| Doornfontein | 16,097 | 16,262 | 13,002 |
| Driefontein | 93,979 | 104,607 | 93,443 |
| Kloof | 46,586 | 47,434 | 41,187 |
| Libanon | 9,535 | 11,091 | 8,859 |
| Venterspost | 3,325 | 2,535 | 2,298 |
| Vlakfontein | 786 | 736 | 371 |

The higher average price meant that the combined bullion revenue of the seven mines rose by about 10 per cent to R604m, in spite of a decline of 423 kilogrammes in overall output. This decline mirrors a fall in the average gold grade from 9.6 grammes of gold per tonne of ore mined to 9.4 grammes, as the tonnages milled remained constant at all the mines with the single exception of the young Deelkraal.

This mine increased its mill throughput by 3,000 tonnes.

Operating costs rose in the aggregate by 6 per cent to R242m. This reflects largely the increases in wages and fringe benefits awarded to the group's unskilled workers from July 1.

Deelkraal, Venterspost and Vlakfontein were the only mines in the group to emerge with higher net profits. The first-named is not yet liable for tax, and consequently received the full benefit of the higher gold price.

The mine has warned, however, that a fire was detected underground after the end of the quarter. The area concerned has been sealed off, and production will be "only slightly affected," the directors said.

Similarly at Venterspost, an underground fire was found after the close of the period. Here the directors said that a loss of production was inevitable, but this has not been quantified.

## First-half profit at Samancor

IMPROVED DEMAND and favourable exchange rate movements helped South African Manganese Amcor (Samancor) to return to profits in the six months to August 20, reports Jim Jones in Johannesburg.

First-half sales of Samancor, the world's largest supplier of manganese, rose to R238.4m (£119.2m) from R180.7m in the opening six months of 1983, and the company made pre-tax profits of R31.2m against a loss last time of R14.4m.

In the year to February 20, Samancor made a pre-tax profit of R2.9m on sales of R350.7m.

The main contribution to group profits came from the ferro-chrome operations. The directors said yesterday that continued demand gave rise to a sustained high level of production, with attendant benefits to operating costs. In addition, production and sales of chrome ore were higher.

Demand for manganese ore improved, but dollar prices were only slightly higher than in 1983. The same applied to ferro-manganese, while silico-manganese sales and prices in dollar terms showed marked improvements.

Export sales and profits in rand terms have been enhanced by the rand's persistent weakness against the dollar, particularly since the beginning of July when the value of the South African currency dropped precipitously.

An interim dividend of 10 cents per share has been declared, from earnings of 19.2 cents. Last year a first-half loss of 8.5 cents was recorded, and no interim was declared.

Earnings for the last financial year were 10.3 cents, and a dividend of 5 cents was declared.

The directors said they expect the favourable trading conditions to persist in the current half-year, giving rise to satisfactory profits.

Control of Samancor passed to the Gencor group a year ago as a result of a complex series of deals which resolved a long-standing dispute between Gencor and Iscor, the state-controlled steel producer.

### MINING NEWS IN BRIEF

CANADA'S Dumagami Mines is expected to take a decision within about three months on whether to take to production its gold property at Bousquet and Cadillac townships in north-west Quebec.

Mr Paul Penna, the chairman, said that given a go-ahead the property could be in production by May, 1986. He added that Dumagami was looking at a 1,000 tons-per-day mining and milling operation.

Current ore reserves down to about 750 feet are put at 2.7m tons grading 0.09 ounces (2.8 grammes) gold per ton after allowing for dilution. Mr Penna said that the would be "very surprised" if the total capital cost exceeded C$22m (£13.5m) and added that no public financing was contemplated.

Major shareholders are Noranda (24.1 per cent), Agnico-Eagle (11.5 per cent) and Mentor Exploration and Development (19.5 per cent).

# UK side boosts Ibstock by over £2m

WITH FIRST-HALF profits up by over £3m Ibstock Johnsen is set to achieve the major advance indicated last April for the full 1984 year.

Mr Paul Hyde-Thomson, the chairman, says the second half is progressing well and to plan. He tells shareholders that in the UK the group has a strong order book of "good quality" and in the U.S. Glen-Gery's order book is growing well, both in quantity and quality.

Prospects for 1985 are "good" and the directors envisage a substantial increase in dividend for the current year. Meanwhile, they are lifting the interim payment from 1.75p to 2.5p net per 25p share.

Pre-tax profits for the first six months rose from a restated £1.39m to £4.55m on the back of a £9.89m rise in turnover to £49.95m—the group manufactures bricks and is also an agent for woodpulp makers.

In the UK, building products increased its trading profits by £2m to £7.11m. This was regarded as a fine performance, the more so because there was no benefit from a large stock reduction as was the case in the equivalent period of 1982. The division achieved a strong increase in margin.

In the U.S. the Glen-Grey division made a loss for the half year. The first quarter suffered from bad weather conditions throughout the market area holding back building activity and making the factory operations difficult.

In the second quarter an encouraging profit was achieved compared with break-even in the same quarter last year.

The strengthened management structure is now well established and production is being concentrated in the larger and more modern plants.

This will achieve greater efficiencies which together with rising sales should help results to improve. Trading losses in the U.S. over the first half were £1.6m (£1.46m).

The fibres division had a very good half year with help from hardening world dollar prices of woodpulp and favourable exchange rates. At the trading level the division swung from losses of £377,000 to profits of £1.05m. The directors hope to be able to hold these levels of profits.

Group net interest charges rose to £1.71m (£1.53m) but following a reduction in gearing the charge for the second half will be lower.

Tax accounted for £1.8?m (£648,000) to leave net profits at £2.73m, compared with £742,000.

Earnings emerged at 9.56p, against a previous 2.6p. All comparative figures have been restated to comply with SSAP 20.

Mr Paul Hyde-Thomson, chairman of Ibstock Johnsen

● **comment**

The contrast between Ibstock Johnsen in the UK and U.S. has never been greater. In this country, the group's position in the non-fletton brick market is so strong that it was able to raise trading profits by 39 per cent despite selling slightly fewer bricks, by concentrating on high-value orders. And there is no sign that any downturn in the building cycle will hurt Ibstock in its position at the expensive end of the market. But in the U.S. forecasts of trading profits for 1984 have evaporated. The group is at last rationalising, closing four out of 11 plants, and is investing heavily in marketing to sell more of the expensive architectural bricks which have been such a success in the UK. Johnsen's arguments that it could not have taken these steps in earlier years because of difficulties in the UK and the now-sold Dutch operations, must leave shareholders wondering why the group ever took on the U.S. burden in the first place. For the year, the group should reach £12.5m pre-tax, putting the shares up 1p to 239p, on a multiple of 8½, on a 35 per cent tax charge. Undervalued in a sector which has recently been bolstered by good results from Steetley and RMC among others. And if the rumoured predator emerges, the purchase price might be nearer 400p than 300p.

## Boustead still depressed at £20,000 so far

Despite pre-tax profits well below expectations at £20,000 against a depressed £11,000, Mr A. Charton, the chairman of Boustead, is confident that the second half will show a "marked improvement."

Turnover pushed ahead slightly from £23.5m to £23.81m—Boustead is an international trading company.

In view of the results the directors feel unable to recommend an interim dividend. Losses per share were 0.43p (0.81p), after tax of £227,000 (£413,000).

An investigation into accounting discrepancies at the subsidiary King Trailers has revealed that they are much larger than originally indicated, with a diminution of assets by approximately £1.1m.

# Burndene returns to dividend list

CONTINUED PROGRESS has been shown at Burndene Investments with pre-tax profits showing some recovery at £391,000 against £86,000 for the year to June 2 1984, and a return to the dividend list after four years' absence. Subject to continuing growth and reasonable stability in the economy the directors say they look forward to a further improvement in the position of the group.

Turnover of this Edinburgh-based manufacturer of caravans and mobile homes, and property developer, moved ahead from £8.45m to £11.41m.

The return to the dividend list is being made with a single payment of 0.35p net for the year — the last payment was in 1980. Earnings per share were shown as improving from 1.05p to 3.67p.

The directors say that the encouraging reception given to the company's new caravans for the coming season, allied to increased market share achieved last year, leads them to hope that the caravan manufacturing and site operation division will have another profitable season.

New business recently secured by nylon garment manufacturing should compensate for a slow start to the current trading period and produce a higher profit, say the directors.

The property division can improve its position on new lettings of existing properties, they say, and negotiations are in progress.

Pre-tax profits were struck after interest costs of £231,000 (£302,000) and depreciation of £175,000 (£173,000). Tax amounted to £15,000 (credit £21,000).

Shareholders' funds have increased significantly as a result of a revaluation of group properties and mobile home parks, together with retained profits, to a total of £5.16m from £3.28m.

The directors point out there is a latent liability to tax if the properties were sold.

In the second half pre-tax profits moved sharply ahead from £55,000 to £342,000. At the interim stage the directors said that the caravan manufacturing and site operating division had increased turnover and profits. They said that property would make a "useful" contribution to profits following a loss at the year end. Textile profit margins were under pressure from increased costs.

At the end of the last full year pre-tax profits had shown some improvement to £86,000 against £62,000 and the directors hoped then that recent improved order intakes in both the caravan and textile divisions could be maintained.

Nylon manufacturing had made lower profits. As the market for industrial property had shown little sign of improvement the directors said they must seek to reduce borrowings and were considering whether limited disposals could be made

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Bowthorpe, British Dredging, Campari International, Christies International, Emess Lighting, T. C. Harrison, Harris Queensway, Honda Motor, S. Jerome, Lilleshall, Midland Marts, Sears, Senior Engineering, Steel Burrill Jones.

Finals:—James Ferguson, Grosvenor, Lawtex, London and Strathclyde Trust, Prestwich Parker.

FUTURE DATES

| Interims:— | |
|---|---|
| Evered | Oct 10 |
| Fogarty | Oct 10 |
| Hawker Siddeley | Oct 17 |
| President Entertainments | Oct 10 |
| Roberts, Adlard | Oct 11 |
| Toshiba | Oct 25 |
| Turriff | Oct 12 |
| **Finals:—** | |
| Australia & New Zealand Bkg. | Nov 19 |
| Highland Electronics | Oct 23 |
| Lucas Industries | Nov 12 |
| SI | Oct 18 |
| Simpson (S.) | Oct 25 |

## COMPANY NEWS IN BRIEF

**Weber Holdings**, investment and property holding company, returned higher pre-tax profits for the six months to end-June 1984.

Rents, investment income and interest received amounted to £183,397 against £113,020 and the surplus on the sale of properties to £14,133 (nil). After administrative expenses of £67,109 (£8,686), pre-tax profits came out at £130,421 (£104,334).

Tax took an increased £59,264 compared with £47,500, and after a £99,933 surplus on the sale of investments, retained profit for the period stood at £171,090 against £56,834.

Earnings per 25p share were shown up by 0.31p at 1.53p, but in view of the change of accounting date the directors have decided to defer consideration of a dividend until after the accounts to September 30, 1984 have been prepared. Last time an adjusted interim of 0.5p was paid.

* * *

**Arcolectric (Holdings)**, Surrey-based electric switches and neon signal lamp manufacturer, returned pre-tax profits of £183,989 for the six months to end-June 1984, compared with losses of £71,856.

Turnover was up from £2.31m to £3.07m, enabling the company to utilise production resources to the full and improve profitability.

Earnings per 5p share came to 2.75p against a loss last time of 1.07p, and the directors are recommending an interim of 0.25p (nil).

* * *

Continued improvement at *Hunter*, *holding company with* main interests in furniture manufacture, resulted in taxable profits for the six months to end-June almost doubled, from £102,000 to £202,000. Turnover fell during the period to £13.12m against £15.48m.

Earnings per 10p share were shown up substantially at 8.3p (4.2p), but the directors do not expect to recommend a dividend payment until group reserves, which have been severely eroded in recent years, are firmly re-established.

* * *

Rationalisation of production capacity effected during 1983 at **Downiebrae Holdings** has had the desired result of returning the group to profits for the first half of 1984. Pre-tax profits came to £61,000 against losses of £7,000.

In the last full year pre-tax losses were £99,500.

First half turnover of this *Glasgow-based maker of steel* profiles and pipe flanges amounted to £1.24m (£1.84m). However, the directors say that both turnover and profit have been below expectations mainly as a result of the coal strike.

There is again no dividend — the last payment was a final of 0.3p in 1983. Earnings per 10p share were shown as 0.9p (losses 0.1p).

* * *

An increased loss of £4,152 against £2,587 has been shown by the Gurensey-based **Leopold Joseph Sterling Fund** for the 26 weeks to June 25, 1984. Deposit interest received fell from £22,440 to £14,125 and expenditure amounted to £18,277 compared with £25,027.

* * *

The costs of the heavy construction plant for part of the half year period to June 30 1984 and the associated costs of winding down that department resulted in overall operating losses at **Westwood Dawes**, structural and mechanical handling engineer.

The midway deficit was £113,000 compared with a £29,000 profit last time, and follows on from the £226,466 loss reported for the last full period.

There is again no interim dividend—the last payments related to the 1979 year—while the company quotes its losses as 8.95p (earnings 1.11p) after a £100 tax credit (charge £15,000).

The reduced turnover, down from £1.65m to £890,000, reflected the closure of the heavy construction side.

## Receivers at Growy

Receivers have been called in for the **Growy Company**, which makes Knirps umbrellas. Assets and licences, names and goodwill have been sold to Sol Schavierien, of London, preserving the brand names of Knirps and Growy and saving about 20 jobs. By October 2, between 60 and 70 per cent of the cost of stock had been recovered, within three working days.

The combined Growy-Schavierien group now becomes the largest umbrella manufacturer in the UK. Growy also held licences to sell Pierre Cardin and Givenchy umbrellas.

Growy went into receivership with an estimated deficiency of £718,200. Its largest creditors are Knirps International, owed £82,100 and Deutsche Bank AG owed £97,000.

Receiver managers are Mr Keith Goodman and Mr Philip Monjack of Leonard Curtis and Co.

# BIDS AND DEALS

## Mercury's revolutionary merger

BY JOHN MOORE, CITY CORRESPONDENT

Mercury Securities, the parent company of merchant bank S. G. Warburg, yesterday unveiled details of its merger plans with Akroyd & Smithers, one of the Stock Exchange's largest jobbers, Rowe & Pitman, the stockbrokers, and Mullens, the specialist in British Government securities, in one of the most ambitious realignments proposed in the City of London's financial services revolution.

In a circular issued yesterday, future profit trends of the four groups are explained to shareholders.

For the year ended March 31 1984 Mercury published net earnings of £20.8m after tax. Published capital and reserves at that date were £138.5m, together with disclosed unrealised appreciation of investments (before tax) of £22.5m. To this latter figure Mercury said that £9m could be added representing its interest in Akroyd.

The directors of Mercury estimate that the results of the group and its subsidiaries for the six months ended September 30 1984 are level with those of the corresponding period of the previous year. Mercury does not report half year figures.

In May Akroyd announced a pre-tax profit of £7.8m for the first half of its financial year which had ended on March 23. The board has estimated that, "despite particularly unsettled market conditions for much of the second half year, Akroyd has made a small profit in this period. However, the pre-tax profit for the year ended September 28 1984 will be considerably lower than that of last year."

In its last financial year, for the year ended September 30 1983, Akroyd reported pre-tax profits of £16.1m.

Pre-tax profits of Rowe & Pitman amounted to £6.6m for the year ended April 6 1984, after adjustment to the basis which would apply on the merger. The general partners of Rowe & Pitman consider that the profits of the partnership and the companies controlled by the partnership for the five months ended September 14 1984 "are satisfactory."

The "many factors outside the control of any individual stockbroking firm make it inappropriate to regard this as a guide to the outcome for the year as a whole," says the circular.

Pre-tax profits of Mullens, the Government broker whose official business is to be in future conducted by the Bank of England, amounted to £1.5m for the year ended April 7 1984. This figure has also been adjusted on the basis which would apply on the merger but includes the official business carried out by the firm.

In a joint statement by the chairmen and senior partners of the four firms it is explained that investment management services are provided by three firms in the new group, namely by Warburgs, through Warburg Investment Management, and its subsidiaries, Warburg Investment Management International and Mercury Fund Managers with total funds under management in excess of £6bn; by Rowe & Pitman through Rowan Investment Managers, which manages approximately £800m; and by Mullens, which manages approximately £500m.

"The inclusion of investment management subsidiaries within the single groups including corporate finance and securities distribution and trading activities has been the subject of general debate for some time, in particular in connection with the first part of the Report on Investor Protection by Professor Gower.

"Warburgs, Rowe & Pitman and Mullens exercise and will continue to exercise stringent control over the relationship between their investment management activities and other parts of their business."

As part of the systems of controls Warburg is changing its corporate relationship between Warburgs and Warburg Investment Management and its subsidiaries.

This move is designed to take account of the group's involvement in securities trading and market making. The three investment management subsidiaries of Warburgs will be transferred to the ownership of a new holding company, Warburg Asset Management, which will be a direct subsidiary of Mercury.

As part of the merger agreement the general partners of Rowe & Pitman and the partners of Mullens have undertaken "to devote the whole of their time and energies to the business" of the firm and joint venture international dealerships formed with Akroyd and Rowe & Pitman.

They have agreed "to carry out their duties honestly and in good faith and in a proper, legal and efficient manner and to use all reasonable endeavours, insofar as they are able, to promote the interests and reputation of the firm and the companies controlled by it and not to do anything which is harmful to them."

**PROFITS BEFORE TAX ON ORDINARY ACTIVITIES**

| | Year 1980/81 £'000 | Year 1981/82 £'000 | Year 1982/83 £'000 | Year 1983/84 £'000 |
|---|---|---|---|---|
| Akroyd & Smithers | 5,852 | 24,960 | 16,087 | * |
| Rowe & Pitman | 3,169 | 3,993 | 4,868 | 8,962 |
| Mullens | 2,095 | 1,642 | 3,299 | 3,164 |

* figures not yet available

## Kleinwort Benson expands in both U.S. and Australia

BY DAVID LASCELLES

Kleinwort Benson, the UK's largest merchant banking group, has made two overseas acquisitions, in the U.S. and Australia, to expand its dealing abilities in foreign financial markets.

In the U.S., it has bought the institutional and funds business of Virginia Trading Corp, one of Chicago's leading financial futures brokers. The firm, which has 28 employees, specialises in research and execution of financial futures transactions for institutional clients.

The acquisition follows two earlier deals by Kleinwort in the U.S. this year: the purchase of ACLI Government Securities and the establishment of an interest swap operation, Kleinwort Benson Cross Financing.

In Australia, Kleinworts' local 50 per cent owned subsidiary, Kleinwort Benson Australia, has reached agreement in principle to buy a half interest in the Australian Gilt Company Group, a specialist dealer in Australian government securities. The group, formed only two years ago, is a major participant in the secondary bond market, and advises institutions on investment in government securities.

The tie-up will give Kleinwort greater expertise on the Australian market, and open up Kleinwort's worldwide business to the Australian Group's clients.

The cost of these acquisitions is not being disclosed, but they are believed to total about £3.5m, most of it being accounted for by the Australian deal.

Mr Martin Jacomb, vice-chairman of Kleinwort, said that the acquisitions "rounded out" Kleinwort's efforts to develop capabilities in the securities and futures trading markets. Kleinwort has already staked its claim to Grieveson Grant, the London stockbroking firm.

## Panel dismisses evidence of Glanfield concert party

BY RAY MAUGHAN

Glanfield Lawrence, the vehicle distributor headed by Mr Michael Warwick, has lost its long battle to show that a 42.5 per cent stake acquired in the company had been acquired by Gregory Securities from persons, notably Mr Christopher Selmes, acting in concert.

Glanfield will appeal against this ruling to the full Takeover Panel, but yesterday the Panel executive found no evidence of a concert party and, accordingly, ruled that a mandatory offer for outstanding capital need not be made. Under Rule 34, the alleged concert party would have otherwise been obliged to make a full offer for the remaining shares at the highest buying price, said to have been at 62p.

The Panel has ruled, however, that the purchase of that 42.5 per cent holding between August 29 and 31 by Gregory, headed by Queens Park Rangers FC chairman, Mr Jim Gregory, had breached Rule 40 of the Code which requires that a seven-day waiting period should elapse before further purchases when a buyer reaches 30 per cent.

Gregory consulted a partner of Panmure Gordon to discover whether the transaction was permissible and the Panel noted that the partner "replied wrongly that it was."

* * *

**Combined English Stores**—Stake shares and rights over shares held in discretionary investments portfolios managed by, or on advice from Warburg Investment Management, including investment portfolios held for their own account by members of the Mercury Securities group, were increased by 300,000 ordinary to 8.63m.

## E. Lancs rejects British Syphon

East Lancashire Paper Group yesterday rejected a £3.27m bid from British Syphon Industries, the drinks dispenser group, and urged shareholders to take no action until they have received details of its opposition to the offer.

British Syphon, which was the loser three months ago in a hotly-contested bid for James Halstead, is offering one of its own shares, or 80p in cash for each East Lancashire share as part of a plan to diversify into manufacturing companies with strong brand identity.

## Chief parts company with Lowe

BY ALEXANDER NICOLL

Robert H. Lowe, a loss-making clothes manufacturer based in Cheshire, said yesterday that Mr Anthony Cameron has ceased to be chairman and chief executive. No replacement was announced.

The company gave no reason or other details on the departure of Mr Cameron, 54, who was appointed chairman in 1982 and had been overseeing its attempts to eradicate losses.

In August, Lowe decide to close its garment-making factory at Swansea because of a collapse in demand from Europe for sportswear made there. It said there were heavy losses at Swansea and that closure, redundancy and planned rundown costs could be up to £500,000.

Lowe makes sports, leisure, children's and ladies' wear for customers including Marks & Spencer and British Home Stores. It is a leading UK manufacture for the Adidas brand.

Among major shareholders are Refuge Assurance and County Bank, which each hold a 12.41 per cent stake.

The Swansea closure followed a period of improvement. In the half-year ended April 27 1984, Lowe reduced its pre-tax loss to £39,000 from £115,000. In the year ended October 28 1983, the pre-tax loss was £399,000 on turnover of £8.2m against the previous £490,000, but the deficit attributable to shareholders rose sharply from £177,000 to £832,000.

Yesterday, its shares fell 1p to 27p, compared with a year's low of 19p and high of 49p. The



# Gold Fields Group

## SEPTEMBER QUARTERLIES

*All companies mentioned are incorporated in the Republic of South Africa*

### DRIEFONTEIN CONSOLIDATED LIMITED

ISSUED CAPITAL: 102,000,000 shares of R1 each, fully paid.

| | Qtr. ended 30/9/1984 | Qtr. ended 30/6/1984 |
|---|---|---|
| **OPERATING RESULTS:** | | |
| Gold—East Driefontein: | | |
| Ore milled (t) | 706,000 | 706,000 |
| Gold produced (kg) | 8,601.0 | 8,812.5 |
| Yield (g/t) | 12.2 | 12.5 |
| Price received (R/kg) | 17,331 | 15,566 |
| Revenue (R/t milled) | 211.94 | 195.06 |
| Cost (R/t milled) | 60.45 | 57.85 |
| Profit (R/t milled) | 151.49 | 137.21 |
| Revenue (R000) | 149,418 | 137,514 |
| Cost (R000) | 42,616 | 40,780 |
| Profit (R000) | 106,802 | 96,734 |
| Gold—West Driefontein: | | |
| Ore milled (t) | 720,000 | 720,000 |
| Gold produced (kg) | 9,518.9 | 9,792.0 |
| Yield (g/t) | 13.2 | 13.6 |
| Price received (R/kg) | 17,313 | 15,597 |
| Revenue (R/t milled) | 229.35 | 212.62 |
| Cost (R/t milled) | 71.42 | 67.73 |
| Profit (R/t milled) | 157.93 | 144.89 |
| Revenue (R000) | 165,132 | 153,086 |
| Cost (R000) | 51,424 | 48,762 |
| Profit (R000) | 113,708 | 104,324 |
| Uranium Oxide: | | |
| Pulp treated (t) | 269,000 | 312,250 |
| Oxide produced (kg) | 40,059 | 47,145 |
| Yield (kg/t) | 0.149 | 0.151 |
| **FINANCIAL RESULTS (R000):** | | |
| Working profit: Gold | 220,510 | 201,058 |
| Profit on sale of Uranium Oxide and Sulphuric Acid | 1,293 | 1,096 |
| Net tribute royalties and sundry mining revenue | (282) | (393) |
| Net mining revenue | 221,521 | 201,761 |
| Net non-mining revenue (group) | 21,835 | 22,348 |
| Profit before tax and State's share of profit | 243,156 | 224,109 |
| Tax and State's share of profit | 149,177 | 119,502 |
| Profit after tax and State's share of profit | 93,979 | 104,607 |
| Capital expenditure | 19,962 | 38,854 |
| Dividend | — | 173,400 |

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 30 September 1984 was R444.9 million.

DIVIDEND: A dividend (No. 22) of 170 cents (93.232423p) per share was declared on 12 June 1984, and was paid to members on 8 August 1984.

PRODUCTION: A fire was discovered on the Ventersdorp Contact Reef in the West Driefontein section on 3 August 1984. The fire was sealed off. Loss of production was negligible.

SHAFTS:
East Driefontein:
No. 4 Shaft—E: The shaft was sunk 374 metres to a depth of 525 metres below collar.

No. 4 Sub-Vertical Shaft—E: The shaft is being commissioned.

No. 5 Shaft—E: The shaft was sunk 21 metres to its final depth of 1,970 metres below collar.

No. 5 Sub-Vertical Shaft—E: Excavation of the hoist chamber and associated construction work continues.

West Driefontein:
No. 6 Tertiary Shaft—W: The shaft was sunk 66 metres to a depth of 413 metres below collar on 26 Level. The excavation of 36 Level station is in progress.

No. 7 Shaft—W: The shaft was sunk 226 metres to a depth of 309 metres below collar. The installation of the second man-winder and the rock-winder continues.

No. 8 Shaft—W: Pre-sinking operations have been completed to a depth of 65 metres below collar. The headgear and stage are being erected and the installation of the stage winder has commenced.

On behalf of the board
R.A. Plumbridge }
C.T. Fenton } Directors

8 October 1984

### DOORNFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 10,000,000 shares of R1 each, fully paid.

| | Qtr. ended 30/9/1984 | Qtr. ended 30/6/1984 |
|---|---|---|
| **OPERATING RESULTS:** | | |
| Gold: | | |
| Ore milled (t) | 356,000 | 356,000 |
| Gold produced (kg) | 2,494.0 | 2,513.2 |
| Yield (g/t) | 6.8 | 6.9 |
| Price received (R/kg) | 17,387 | 15,608 |
| Revenue (R/t milled) | 118.67 | 107.40 |
| Cost (R/t milled) | 78.33 | 74.15 |
| Profit (R/t milled) | 40.34 | 33.25 |
| Revenue (R000) | 43,433 | 39,307 |
| Cost (R000) | 28,669 | 27,137 |
| Profit (R000) | 14,764 | 12,170 |
| **FINANCIAL RESULTS (R000):** | | |
| Working profit: Gold | 14,764 | 12,170 |
| Net sundry revenue | 2,630 | 2,952 |
| Profit before tax and State's share of profit | 17,394 | 15,122 |
| Tax and State's share of profit | 1,297 | (1,140) |
| Profit after tax and State's share of profit | 16,097 | 16,262 |
| Capital expenditure | 12,830 | 12,293 |
| Dividend | — | 12,000 |

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 30 September 1984 was R85.7 million.

DIVIDEND: A dividend (No. 55) of 120 cents (65.811122p) per share was declared on 12 June 1984, and was paid to members on 8 August 1984.

SHAFTS:
No. 3 Shaft: Equipping is complete and the shaft is being commissioned.

No. 3 Sub-Vertical Shaft: The shaft was sunk 250 metres to a depth of 348 metres below collar.

No. 3 Sub-Vertical Ventilation Shaft: The shaft was sunk 157 metres to a depth of 313 metres below collar.

On behalf of the board
C. T. Fenton }
A. H. Munro } Directors

8 October 1984

### LIBANON GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 7,937,300 shares of R1 each, fully paid.

| | Qtr. ended 30/9/1984 | Qtr. ended 30/6/1984 |
|---|---|---|
| **OPERATING RESULTS:** | | |
| Gold: | | |
| Ore milled (t) | 420,000 | 420,000 |
| Gold produced (kg) | 2,240.0 | 2,141.6 |
| Yield (g/t) | 5.3 | 5.1 |
| Price received (R/kg) | 17,490 | 15,665 |
| Revenue (R/t milled) | 93.50 | 80.08 |
| Cost (R/t milled) | 59.87 | 56.63 |
| Profit (R/t milled) | 33.63 | 23.45 |
| Revenue (R000) | 39,269 | 33,632 |
| Cost (R000) | 25,144 | 23,782 |
| Profit (R000) | 14,125 | 9,850 |
| **FINANCIAL RESULTS (R000):** | | |
| Working profit: Gold | 14,125 | 9,850 |
| Net sundry revenue | 2,581 | 2,375 |
| Profit before tax and State's share of profit | 16,706 | 12,225 |
| Tax and State's share of profit | 7,171 | 1,164 |
| Profit after tax and State's share of profit | 9,535 | 11,061 |
| Capital expenditure | 4,083 | 8,018 |
| Dividend | — | 11,112 |

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 30 September 1984 was R52.0 million.

DIVIDEND: A dividend (No. 67) of 140 cents (76.779842p) per share was declared on 12 June 1984, and was paid to members on 8 August 1984.

On behalf of the board
A. H. Munro }
C. T. Fenton } Directors

8 October 1984

### KLOOF GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 30,240,000 shares of R1 each, fully paid.

| | Qtr. ended 30/9/1984 | Qtr. ended 30/6/1984 |
|---|---|---|
| **OPERATING RESULTS:** | | |
| Gold: | | |
| Ore milled (t) | 525,000 | 525,000 |
| Gold produced (kg) | 8,190.0 | 8,189.9 |
| Yield (g/t) | 15.6 | 15.6 |
| Price received (R/kg) | 17,335 | 15,553 |
| Revenue (R/t milled) | 271.03 | 243.35 |
| Cost (R/t milled) | 81.78 | 74.55 |
| Profit (R/t milled) | 189.25 | 168.80 |
| Revenue (R000) | 142,292 | 127,756 |
| Cost (R000) | 42,936 | 39,138 |
| Profit (R000) | 99,356 | 88,618 |
| **FINANCIAL RESULTS (R000):** | | |
| Working profit: Gold | 99,356 | 88,618 |
| Recovery under loss of profits insurance | 94 | — |
| Net sundry revenue | 8,582 | 9,040 |
| Profit before tax and State's share of profit | 108,032 | 97,658 |
| Tax and State's share of profit | 61,446 | 50,224 |
| Profit after tax and State's share of profit | 46,586 | 47,434 |
| Capital expenditure | 16,526 | 20,839 |
| Dividend | — | 60,480 |

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 30 September 1984 was R185.6 million.

DIVIDEND: A dividend (No. 29) of 200 cents (109.685203p) per share was declared on 12 June 1984, and was paid to members on 8 August 1984.

SHAFTS:
No. 3 Sub-Vertical Shaft: The shaft is in the final stages of being commissioned.
No. 4 Shaft: The shaft was sunk 41 metres to a depth of 329 metres below collar. Preliminary sinking operations were completed and full-scale sinking has commenced.
No. 4 Ventilation Shaft: The shaft was sunk 303 metres to a depth of 1,695 metres below collar.
No. 5A Auxiliary Shaft: Preparatory work for sliping of the raise bored hole is in progress.
No. 5B Auxiliary Shaft: The shaft has reached a depth of 72 metres below collar on 27 level.

On behalf of the board
C. T. Fenton }
A. H. Munro } Directors

8 October 1984

### DEELKRAAL GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 99,540,000 shares of 20 cents each, fully paid.

| | Qtr. ended 30/9/1984 | Qtr. ended 30/6/1984 |
|---|---|---|
| **OPERATING RESULTS:** | | |
| Gold: | | |
| Ore milled (t) | 363,000 | 360,000 |
| Gold produced (kg) | 1,851.6 | 1,877.2 |
| Yield (g/t) | 5.1 | 5.2 |
| Price received (R/kg) | 17,360 | 15,579 |
| Revenue (R/t milled) | 88.80 | 81.43 |
| Cost (R/t milled) | 63.03 | 61.10 |
| Profit (R/t milled) | 25.77 | 20.33 |
| Revenue (R000) | 32,235 | 29,313 |
| Cost (R000) | 22,880 | 21,995 |
| Profit (R000) | 9,355 | 7,318 |
| **FINANCIAL RESULTS (R000):** | | |
| Working profit: Gold | 9,356 | 7,318 |
| Net sundry revenue | 1,606 | 1,695 |
| Total profit | 10,961 | 9,013 |
| Capital expenditure | 2,986 | 5,392 |
| Dividend | — | 9,954 |

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 30 September 1984 was R33.3 million.

DIVIDEND: A dividend (No. 3) of 10 cents (5.484260p) per share was declared on 12 June 1984, and was paid to members on 8 August 1984.

NO. 1 SUB-VERTICAL SHAFT: The shaft was sunk 14 metres to a depth of 870 metres below collar on 9 Level. The station on 33 Level is currently being established.

PRODUCTION: An underground fire was detected 2,240 metres below surface in the 21 Longwall on 25 September 1984. The area has been sealed off and it is expected that production will only be slightly affected.

On behalf of the board
C. T. Fenton }
A. H. Munro } Directors

8 October 1984

### VENTERSPOST GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 5,050,000 shares of R1 each, fully paid.

| | Qtr. ended 30/9/1984 | Qtr. ended 30/6/1984 |
|---|---|---|
| **OPERATING RESULTS:** | | |
| Gold: | | |
| Ore milled (t) | 375,000 | 375,000 |
| Gold produced (kg) | 1,615.3 | 1,628.3 |
| Yield (g/t) | 4.3 | 4.3 |
| Price received (R/kg) | 17,150 | 15,526 |
| Revenue (R/t milled) | 74.09 | 67.56 |
| Cost (R/t milled) | 66.03 | 62.91 |
| Profit (R/t milled) | 8.06 | 4.65 |
| Revenue (R000) | 27,783 | 25,336 |
| Cost (R000) | 24,760 | 23,591 |
| Profit (R000) | 3,023 | 1,745 |
| **FINANCIAL RESULTS (R000):** | | |
| Working profit: Gold | 3,023 | 1,745 |
| Recovery under loss of profits insurance | 46 | 600 |
| Net sundry revenue | 1,182 | 1,147 |
| Profit before tax | 4,251 | 3,492 |
| Tax | 926 | 957 |
| Profit after tax | 3,325 | 2,535 |
| Capital expenditure | 448 | 1,241 |
| Dividend | — | 4,040 |

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 30 September 1984 was R11.4 million.

DIVIDEND: A dividend (No. 89) of 80 cents (43.874081p) per share was declared on 12 June 1984, and was paid to members on 8 August 1984.

PRODUCTION: A fire was detected in the No. 3 Tertiary Shaft area on 28 September 1984. The area has been sealed off but a loss of production, which has not been quantified, is inevitable.

On behalf of the board
A. H. Munro
C. T. Fenton

8 October 1984

### VLAKFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 6,000,000 shares of 50 cents each, fully paid.

| | Qtr. ended 30/9/1984 | Qtr. ended 30/6/1984 |
|---|---|---|
| **OPERATING RESULTS:** | | |
| Gold: | | |
| Ore milled: | | |
| from surface dumps (t) | 66,244 | 106,467 |
| from outside sources (t) | 143,756 | 103,533 |
| total milled (t) | 210,000 | 210,000 |
| Gold produced (kg) | 273.0 | 252.3 |
| Yield (g/t) | 1.3 | 1.2 |
| Price received (R/kg) | 17,856 | 15,527 |
| Revenue (R/t milled) | 23.26 | 18.68 |
| Working cost (R/t milled) | 12.53 | 11.91 |
| Rock purchased (R/t milled) | 4.93 | 2.77 |
| Profit (R/t milled) | 5.80 | 4.00 |
| Revenue (R000) | 4,884 | 3,923 |
| Working cost (R000) | 2,631 | 2,501 |
| Rock purchased (R000) | 1,035 | 581 |
| Profit (R000) | 1,218 | 841 |
| **FINANCIAL RESULTS (R000):** | | |
| Working profit: Gold | 1,218 | 841 |
| Net sundry revenue | 554 | 554 |
| Profit before tax | 1,772 | 1,395 |
| Tax: | | |
| Formula tax | 857 | 548 |
| Non-mining tax | 129 | 121 |
| Excess recoupments tax | — | (10) |
| Profit after tax | 786 | 736 |
| Net recoupments of surface capital expenditure | 5 | (8) |
| Dividend | — | 1,200 |

CAPITAL EXPENDITURE: There were no capital expenditure commitments at 30 September 1984.

DIVIDEND: A dividend (No. 78) of 20 cents (10.968520p) per share was declared on 12 June 1984, and was paid to members on 8 August 1984.

On behalf of the board
A. H. Munro }
C. T. Fenton } Directors

8 October 1984.

**NOTE: Copies may be obtained from the United Kingdom Registrar: Hill Samuel Registrars Limited, 6 Greencoat Place, London, SW1P 1PL.**

# THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

## Criticism from accountants

# Barclays answers back

THERE IS a very good reason why Tony Clouting never wants to inflict what to most people is the ultimate punishment for small business failure. He says: "I really don't want the *hassle of selling personal* property over people's heads."

The trauma distresses not only the defaulter but the bank manager or other lender who has to seize personal assets offered as security for loans. Clouting, whose career to date suggests that he may be one of Barclays' high flyers, has not had to do it yet.

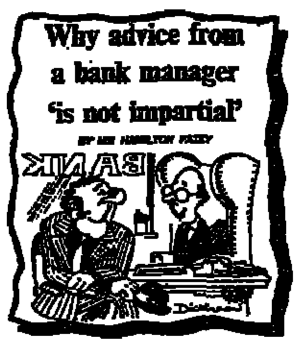
"There was one occasion when things came very close, but we managed to avoid it," he says. "I like to think that it won't happen to me as a bank manager because I try to ensure that we only lend if the proposal makes commercial sense in its own right."

This is a rather different view of the banks as lenders from that advanced by the anonymous accountant, Mr A, which we reported on this page in July. Mr A, who is part of a three-man practice in a northern seaside town, thinks that banks lend money too readily if security, such as one's house, or other personal guarantees are offered.

He touched some raw nerves, reflected in the FT's correspondence columns and annoyance from the banks. Of those banks, however, only Barclays decided to answer back, through Tony Clouting, manager of its Minories branch in the City, and Peter Jackson, manager of the group's Small Business Unit. Significantly, both men are under 40 and Clouting has experience outside banking as a result of three years' secondment to set up and run the Tower Hamlets Enterprise Agency in London.

While Jackson can quote cases where Barclays or other bank managers might have been too ready to lend, he stresses that fundamental changes are taking place in the way Barclays staff are being taught to evaluate small business proposals. How the business is going to be run and controlled is becoming as important as the basic idea behind it.

Management accounts and how to keep them are increasingly regarded as crucial by Barclays managers. Most people will need their Mr A's to set these up, though Jackson says that it will be the capability of the small business person actually to implement the systems week by week that will decide whether they are acceptable to the bank.




The point, as clouting stresses, is that good management accounts will always keep the small business owner informed of viability and potetnial problems and should thus prevent the business drifting near or over the brink. He acknowledges that most small businesspeople either do not keep them or allow them to fall into disuse under day-to-day pressures.

The traditional way that bankers, and indeed chartered accountants, have viewed businesses has been through a combination of current cash position and recent trends, allied to historical accounts. Big company management training in the last two decades has usually compared this with driving in the dark with your headlights on the back of your vehicle trying to steer with the sole aid of your rear-view mirror.

Management accounts should throw some light forwards, enabling realistic objectives to be set and putting management on its mettle to achieve them. Jackson says: "The vast majority of would-be borrowers are total optimists. We have to find ways of identifying what is optimism and what is attainable."

Clouting says he did not fully realise the importance of management accounts until he worked in Barclays Small Business Unit after his return from secondment. Now, at the sharp end of lending decisions, he regards them as critical.

Nor is he ever too ready to lend. He says: "I send people away, telling them to go and see their accountants. I will only lend if I have sensible answers or if the accountant can convince me that the client is right."

This approach forces professionalism on the small businesses which deal with him. Some do not want to know and *nor do their accountants.* Clouting says: "The bank has an educational function. I would argue that to be doing my job properly I should be providing something other than a conduit for people to borrow money."

Jackson agrees: "We need a team approach involving the bank, the client, his accountant and, in many cases, his solicitor. Spending time in the early stages, especially in setting up good management accounting systems, is going to save many meetings later on as a result."

If Mr A were in the team, however, he would argue that if a propositon could be justified on its commercial merits, why was there a need for personal guarantees or pawning the client's house? Clouting retorts: "Who should take the *risk? At the end of the day I* have to make a profit. Lending to small businesses is usually not investment lending, when the likely return matches the risk. We lend working capital."

Jackson says: "Personal guarantees represent personal commitment. Most small businesses are undercapitalised. *Putting your house up is the* equivalent of a stake in the business."

But are all Barclays managers generally as enlightened? One of Mr A's points was that banks have so many branches *that there is bound to be* inconsistency of quality between managers. Loyalty left Clouting and Jackson with sealed lips, though the latter acknowledged that "you are only as good as your front men."

Barclays, however, last year announced a "horses for courses" branch policy, with 100 "key" ones performing large-scale wide-ranging functions in large towns or centres, 1,200 "general" branches on the next rank below them, 700 "support" ones and 750 offering only counter or agency services. People seeking small business loans and services will increasingly be directed to one of the appropriate branches in their area, where the manager is increasingly likely to be specially trained.

**Ian Hamilton Fazey**

The HOW TO of... MANAGEMENT ACCOUNTS

# An indicator of whether profits are being made

ALFRED HIGGINS of Higgins Manufacturing had just had a good month. His cash book told him so. Although the opening balance of £235.70 had not looked very healthy, his slowest payer, Adams, had paid the old account that he had queried of £147.08 on the 5th, Bloggs had cleared his debt of £901.94 on the 20th, and Collins, on time as aways, had paid £4,434.94 on the 24th. He had even got £5 for some scrap metal, bringing gross receipts to £5,724.66.

But the payments side of his cash book totalled only £4,652.94, despite extra commission to his salesman, David Dennis. The bank had been paid the £1,250 instalment on the company's loan account, so there was a £1,071.72 cash surplus to carry forward.

*On top of that, Dennis had* done well selling the new widget, so the order book was full. Higgins even contemplated drawing out £100 for a night on the town.

Higgins, however, was doomed to disappointment. Because he did not keep *management accounts, he* never knew what was going to hit him until he was run over. Three months later the company went bust and the Higginses found themselves trading down their house in order to pay off the bank.

Higgins had the standard excuse *for not keeping management* accounts. "It was hard enough finding time to keep up the basic accounts. I thought that as long as I watched the cash book and kept in surplus I would be all right."

Unfortunately, the cash book *is a poor indicator of a business's* health. Its receipts always relate to old sales, while payments do not necessarily relate to current ones. Management accounts allow the value of output to be matched to the cost of production, and thus to tell whether a profit is being made or not.

What Higgins should have done was to start by listing the company's invoiced sales. This would have revealed that £2,375 of the new widgets had been bought by Adams (the customer known for being a slow payer), while sales of the *company's two other products* were £105 and £631 to Bloggs and Collins, respectively, making a total of £3,111.

From that Higgins should have subtracted the cost of gross wages, sales commission, carriage and materials used (the latter obtained from the cost of *purchases plus the difference* between opening and closing stocks of raw materials, work-in-progress and finished goods). That would give gross profit and, in Higgins' case, would not have been a profit at all but a loss of £799.

Subtracting overheads would bring more bad news. These would include gross salaries, depreciation, interest and things like rent, rates, heat, light and power. Many of these figures would be estimates, obtained by dividing the anticipated annual cost of each by 12, but it is the order of figures one is concerned with here, not total exactitude. With overheads of £2,030, total losses on the month would be £2,829.

Further analysis would reveal the worst: profit margins on the new widget are low—Dennis the salesman said there had to be an introductory offer to sell *them. The order from Adams,* plus Dennis's sales commission, show that the price is obviously too low. Meanwhile, he has not been selling the other two products, where the margin is better but the commission poorer.

If Higgins were also to total the money owed by his customers, add it to his bank balance and then subtract the money he owes his creditors, he would get another shock. Money due would exceed money owing by £20, with his slowest payer his biggest debtor. Sooner or later all this would show in the cash book, but by then it would be too late.

What should have been done would have been to get Dennis to concentrate on selling only the other two products, and to Bloggs and Collins, with Collins, the fastest payer, given priority. Adams' supply of widgets should have been slowed down to allow production of more profitable items. Ultimately Dennis would have had to go—and the night out postponed.

**All names are fictitious.*

**IHF**

## Doll making

# Building upon a premium priced 'Lollipop'

Gillian Heal: non-toxic glues make her dolls safe for children

GILLIAN HEAL had her first lessons in production engineering at the age of 10.

Her missing favourite doll turned up — under a dried-up cow pat — and needed major surgery to be put to rights. Says *Heal now: "I had to discover* how she had been made. Then I realised how to mend her and improve on the design. After that I always made my own."

Forty years on Heal's latest design in what are fundamentally "rag" dolls is about to be put on the American market by the Japanese toy company, Tomy. There will only be about 3,000 of these "Lollipop" dolls, but each will be unique, signed by her, and selling in New York at $200 apiece.

It will be her third year in business on her own and should *help see her company, Half*penny Houses, into profit after a first year of losses and a second of just bettering break-even.

This will more than justify the faith of Lloyds Bank which lent her £24,000 to buy the large terraced house in the centre of Bideford, Devon, which is now both her home and factory, and CoSIRA (the Council for Small Industries in Rural Areas), which advanced £7,000 of loans to convert it from a pottery.

The "production engineering" for the "Lollipops" involved sculpting a basic face from which a mould was made *so that the face could be reproduced* in PVC. Heal then found an adhesives company to supply non-toxic glues normally used in food packaging so that flesh-coloured fabric could be stuck to each PVC mask, thus making them safe for children.

Each face is hand-painted so that no two have the same colour of eyes, or shade of lips or cheeks. Varying hair colour and clothes increases the individuality.

The ultimate price of these dolls reflects the amount of work that has gone into each. The staple product of her busi*ness are mass-produced minia*ture dolls marketed as Halfpenny Houses pocket dolls in see-through packaging she also designed. They can also be used as novelty gift ties, bookmarks and stickpins.

Each of these little dolls is one of a "family" of eight, covering three generations. A family costs between £13 and £14.50 retail and about 7,000 of them will be sold this year. Among her institutional customers are local authorities, where the dolls are used in play groups, in special schools and as educational aids; the *families come in black, white,* Asian and Chinese.

Heal was trained at art school but it was not until she had been widowed and moved to Devon with her three children that she started making dolls to go with the wooden dolls' houses which she and her second husband designed, made and sold.

The company, Halfpenny Houses, was born in 1973. Since her divorce in 1982 she has carried on on her own.

The project appealed to CoSIRA because, apart from three full-timers and three part-timers, she uses 50 outworkers, each self-employed but working to her designs and specifications. That improves income levels and therefore spending power in the countryside around Bideford, and CoSIRA believes the creation of just one or two jobs in a village can often have more economic significance than many times that number in a town.

The company's reputation has been built on high quality design and manufacture, so quality control is tight. "We need good work from our outworkers; it's not cheap labour," Heal says. This emphasis on good design and quality has now paid off with the limited-edition dolls for the U.S. market. She had won Design Council approval for Halfpenny Houses' dolls and Tomy found her through the council's index.

Her agreement with Tomy allows her to make other limited edition, high quality dolls for Marimekko, a Finnish *company, to sell in its shop in* New York, also at around $200 each. With two such highly priced designs on the market she may well have taken the first steps towards fame as a designer in the U.S. market.

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STARTING UP YOUR OWN BUSINESS? We supply for £25 pw new plain-paper copier; electronic typewriters; print-out calculators; selection of prestige office furniture and telephone system. Package tailored to your requirements. Leases arranged for new companies. Tel: 01-541 0069.

FORK LIFT TRUCKS—Top quality used machines, fully serviced and re-finished. Climax 15,000 lbs capacity £7,500 (new price £29,000). Climax 5½ tonne £5,500. Henley 5½ tonne £5,200. Lancer Boss 4½ tonne £4,500. 60 other trucks, all leading makes Hyster, Yale, Clarklift, etc. Birmingham Fork Lift Truck Ltd., 4-8 Hams Road, Saltley, Birmingham B8 1DU, England. Tel: 021-327 5944.

## REMORTGAGES 12¼%

Reduce your Mortgage payments
Consolidate all Borrowings

WHY PAY MORE?

3½ times Income - No upper limit
Avonhill Financial Planning Ltd
104 College Road, Harrow, Middx
A. M. LEWIS 01-861 0100

## INCREASED PROFIT TELEX RAPIDE SERVICES

Reduce Tel. Bills, keep one step ahead of competitors. FOR LESS THAN 10p PER DAY. Large or small companies businesses, or sole traders.

FOR FREE BROCHURE Please contact:
Tel: 0792 475522 or Telex 48308
GB 7 Burrows Chambers
East Burrows Road
Swansea SA1 1RF

TRAVEL, free participation in fully licenced S.W.1 agency offered to company with £250,000 p.a. min. travel a/c. Write Box F5249, Financial Times, 10 Cannon Street, London EC4P 4BY.

FOR SALE—Paper Bag Machines, excellent condition. Write Box F5236, Financial Times, 10, Cannon Street, London EC4P 4BY.

## Rental Leasing and Contract Hire

## BERDAN LEASE

Leasing & Contract Hire Specialists

For a quotation without obligation
All makes/models supplied

Contact Nick Denny NOW
on Yateley (0252) 877333
Telex: 858914
144 High Street
Sandhurst, Surrey



## SALFORD VAN HIRE CONTRACTS

Ring us for a competitive Contract Hire quotation before making your decision
Any type or quantity of vehicles supplied

## PCA NETWORK

CONTRACT MOTORING

The short route to vehicle fleet efficiency.

For a competitive quotation on any make of motor vehicle contact David Derrick or Tom Knapp Now on Skipton (0756) 5531.

PCA

BRITISH VEHICLE RENTAL bvrla & LEASING ASSOCIATION

## RENTAL LEASING & CONTRACT HIRE APPEARS EVERY TUESDAY

*Available to Members of B.V-R.L.A*

FOR DETAILS CONTACT GERRARD RUDD
01-248 2102

# Businesses for Sale

## UNIQUE TELEX PRODUCT LINE

Electronics manufacturer has developed to production stage an advanced micro-processor-based telex unit meeting the latest British and international standards, with large sales potential. The unit accepts input from most computers and features word processor-style text editing, automatic text transmission and is based on multi-source components. The company has the capability to manufacture complete units if required.

The product is available for sale outright. Alternatively, a joint venture would be considered with a company having the marketing expertise, particularly overseas, to maximise the potential of the product.

*Write Box G10145, Financial Times*
*10 Cannon Street, London EC4P 4BY*

## CORNWALL

Near St. Ives, 2½ miles from the sea

**HOLIDAY VILLAGE WITH 300 CHALETS**

Occupying an outstanding 116-acres site in a mature woodland setting and providing a unique opportunity for holiday letting, chalet sales or redevelopment for timesharing or retirement homes.

Reception/Office Building
Supermarket and Bar complex
Indoor Heated Swimming Pool
Launderette
Manager's Bungalow and Lodge

FOR SALE FREEHOLD

Knight Frank & Rutley — 01-629 8171
William HILLARY & Company — (0722) 27101

## CORBY CHICKEN CO LTD
(IN RECEIVERSHIP)

Modern purpose-built factory in Corby developed last year at a cost of approximately £2m. Currently processing up to 25,000 chickens per day on a single shift but capable of double shift operation.

- 65 employees
- Present annual turnover approx £5m.

Enquiries to: P E Baldwin FCA, Price Waterhouse
PO Box 128, Birmingham B3 2JB
Telephone: 021-236 5011 Telex: 338689

Price Waterhouse

## FOR SALE

An industrial group has an urgent need to dispose of a versatile and well-equipped presswork and fabrication company with capacity up to six metres, located in the Midlands.
Turnover is £1.5m and net assets of £670k with no overdraft. Consideration of £250k is sought.
*Please reply to Box G10150, Financial Times*
*10 Cannon Street, London EC4P 4BY*

## Yorkshire Worsted Textile Company

The assets and undertaking of a long established Yorkshire worsted textile company are for sale. The current turnover is in the region of £2m and there is a particularly attractive asset position.

For details please contact: B S Atkinson, Ernst & Whinney, PO Box 61, Cloth Hall Court, 14 King Street, Leeds LS1 2JN Tel: 0532 431221.

E&W Ernst & Whinney

## CORNWALL
Looe, South Coast
GREAT TREE HOLIDAY PARK

Substantial, well-found holiday park in 28 acres of undulating, park-like land with 318 seasonal pitches (280 static, 28 tourers). Short walk from sandy beach. Excellent range of modern buildings including licensed bars, ballroom and restaurant. Heated swimming pool. Manager's house. Very good range of caravans, mostly recent manufacture.

**£775,000 complete**
**PRIOR LEISURE**
**3 Church Street, Falmouth. (0326) 313636**

## SPECIALIST FOOD CO

Manufacturer and retailer in prime London locations. New food idea in spectacular growth area: seedbed of new product ideas. Opportunity to acquire valuable assets at a realistic price. Would dovetail well with up-market retail chain. Wholesale potential as yet unrealised. T/O approx. £½ million. Management deficiencies force quick sale. Consideration given to share exchange or other viable arrangement.

Principals only please
BOX AP, 84 BAKER STREET, LONDON W1

## Structural Steel Engineering Company

Southern U.K. Medium size and operating in quality end. Very profitable. Healthy cash-in-bank position. Management to remain.

*Write Box G10148, Financial Times*
*10 Cannon Street, London EC4P 4BY*

## HEALTH and LEISURE CENTRE

Newly-built Health Centre one mile from the Houses of Parliament comprising two Squash Courts, two Gymnasiums, two Jacuzzis, two Saunas, Complete Club facilities in superb condition. Magnificently equipped. A truly remarkable investment opportunity for a City company, or any club operator. Lease: 125 years, offers in the region of £210,000 or will let at £25,000 per annum.

Immediate sale or letting must be effected
WINKWORTH AND COMPANY
299 Kennington Road
London, SE11
01-587 0600

By Order of the Receiver S. K. Singla, Esq., FCA

## CABLE & WIRE MANUFACTURING COMPANY

North West London
T/O £500,000 pa

Fully-equipped Leasehold premises. Business and assets available. Substantial stocks. Order Book £100,000 plus. Major customers.

EDWARD SYMMONS & PARTNERS
56/62 Wilton Road, London SW1V 1DH
01-834 8454 Telex: 8954348
And at Manchester & Liverpool

## HOLIDAY CHALETS - SENNEN

In a quiet, superb situation above the Cove, a block of 9 excellent self-contained stone chalets, furnished to a very high standard and with ample parking facilities. Substantial income from lettings. Accounts available. £200,000 Freehold — complete with furnishings and benefit of forward bookings.

*Write Box G10149, Financial Times*
*10 Cannon Street, London EC4P 4BY*

## FOR SALE
WHOLESALE CASH & CARRY IN LONDON

Specialising in catering, licensed products, confectionery and cigarettes etc. Turnover £4m and profitable. Freehold or leasehold.
*Write Box G10151, Financial Times*
*10 Cannon Street, EC4P 4BY*

## DUE TO ILL HEALTH

Partnership in a Fuel Peat operation available in Northern Scotland
650 ACRES OF PEAT FOR DEVELOPMENT
*Write Box G10128, Financial Times*
*10 Cannon Street, EC4P 4BY*

## J. STARKIE GARDNER LTD – IN RECEIVERSHIP
DESIGNERS & MANUFACTURERS OF BALUSTRADING STAIRCASES AND ARCHITECTURAL METALWORK

Business and assets for sale. Annual turnover approx. £1 million. Located at Hadleigh, nr Ipswich.

Further details available from:
W M Roberts/N J Hamilton, Joint Receivers & Managers,
Ernst & Whinney, Becket House, 1 Lambeth Palace Road,
London SE1 7EU. Tel: 01-928 2000 Telex: 885234

E&W Ernst & Whinney
Accountants, Advisers, Consultants

## FOR SALE
HIGHLY PROFITABLE MOTOR DEALER & COACH BUSINESS

Based in East Midlands
Modern Coach fleet, attractive Car Franchise
Substantial well equipped Freehold Property
Owners preparing for retirement

*Apply in first instance to Box G10133*
*Financial Times, 10 Cannon Street, London EC4P 4BY*

## FOR SALE
## ELECTRONICS COMPANY

Well established manufacturer of Industrial Alarm Annunciator/Data Acquisition Systems serving the Process Control industry i.e. Petro/Chemical, Food, Electricity/Gas/Water supply etc

Considerable potential for product/market development
Turnover approx £200k pa
Activity outside parent company interests

*Principals only write to:*
*Box G10144, Financial Times*
*10 Cannon Street*
*London EC4P 4BY*

## PUBLISHING COMPANY
Substantial equity for sale

*For more details write in confidence to Box G10153*
*Financial Times, 10 Cannon Street*
*London EC4P 4BY*

## SMALL DUBLIN MANUFACTURING COMPANY
50 years established — for sale

Experienced staff, going concern, profitable, 10% tax, production used in garment industry, government grant aided. *Reply to:*
GJB & ASSOCIATES
18 Argyle Road, Dublin 4, Ireland
Telex: 92280 GJBA EI

## FOOD COMPANY
PRIVATE COMPANY IN BAKING, CATERING & FAST FOODS
FOR SALE

A central manufacturing unit produces a full range of bakery and fast food products with spare capacity for expansion including the manufacture of related products. Annual turnover £4m. All assets are in sound order and the scope for expansion in a number of directions is considerable. Potential for purchaser with strong development and marketing capability. Consideration will be given to a partial sale, share exchange or other viable arrangements.
*Write Box G10118, Financial Times*
*10 Cannon Street, EC4P 4BY*

## TWO FREEHOUSES FOR SALE
## £100!

A private company owning two Freehouses, one in Huddersfield, one in Bolton, offers entire share capital for £100!
Assets approx. £172,000
Liabilities approx. £170,000
(mainly brewery loans)
*Turnover £150,000*
First taker to Tel:
0772 23877 or 24949

## FOR SALE
## AS A GOING CONCERN

North Midlands location. Involved in general tennis wear. Stable highly skilled workforce. Existing connections with leading brand names. Good order book, further substantial spring business expected. Anticipated rate of turnover for £1984-85 £600,000.

Bedell & Blair, Princess Buildings
20 Princess St, Manchester M1 4LS
Tel: 061-236 9651 Ref: RM/PA/XL 16

## TWO FAST FOOD RESTAURANTS

In major West Yorkshire city centre for sale. Prime sites. Fully and recently equipped. Leases 4 years and 11 years.
Principals only
Please apply to:
ROBSON RHODES
12 Greek Street, Leeds LS1 1HR

## OPPORTUNITY
(NORTH WEST)

Specialist Nationwide Wholesaler to Leisure Industry

Main agents to several products with some import and export. £½m t/o, v/profitable and capable expansion. Easily run (2 staff) from warehouse with land. £190,000 to include freehold (can rent) plus SAV. Loan facilities available. All replies answered. Please give full name, address and telephone no.
*Write Box G10135, Financial Times*
*10 Cannon Street, EC4P 4BY*

## WIRE-DRAWING FACTORY

*Medium sized wiredrawing company* for sale. Turnover approximately £5m. Employing 95 people. 25% of the business is export, mainly to North America.

*Enquiries in writing in the first instance to:*
W. A. Hetherington, Esq
ERNST & WHINNEY
Lowry House, 17 Marble Street
Manchester M2 3AW

**LEICESTER.** Magnificently equipped health and fitness club with private bar and restaurant occupying first class city centre freehold building for sale as going concern. Snell & Co., 47, Maida Vale, London W9 1SH. 01-286 6181.

## MARBELLA — Costa Del Sol

We offer partnership up to 50% (£425,000), by the construction on land of 25,000 sq m in high standard urbanisation close to Marbella with a well-known and experienced Promotion Group.

There is a building capacity for 350 apartments. Fast sale guaranteed, as they are constructed with subventionated statebank mortgages and a 15-year payment term for the purchaser. High profits.

Alternative: Purchase of plot. Price: 180 Million Pts. (£850,000).

INVESTGOLF, S.A.
Apartado 240, Marbella, Spain

## ZUG/Switzerland

Formation, domiciliation and administration of Swiss and foreign companies
*For further information call or write to:*
von HOLZEN, Treuhand
PO Box 540, CH 6301 ZUG
Tel: CH-42/21 58 44
Telex: 865446
Tel. Monte Carlo 93/50 84 78

## Are you a U.S.M. COMPANY

Looking for a guaranteed increase of profit by
£½ million per annum
If so, we are an established small group of companies wishing to be acquired. Please write:
*Box G10129, Financial Times*
*10 Cannon Street, EC4P 4BY*

## BUSINESSES FOR SALE
from £5,000 to £450,000

*For full details apply to:*
PRESTIGE CONNECTIONS LTD
27 Cobham Road, Ferndown
Wimborne, Dorset BH21 7PE or
Tele: (0202) 897536
Telex: 47674/5 MATCOM G
Quote ref: FT157

## FOR SALE
AS A GOING CONCERN

*Profitable limited company engaged in the manufacture of Auto Electric Industrial Platform Trucks, Tractors and Trailers.* Existing management available. Interested parties should apply for further details to:
*Box G10134, Financial Times*
*10 Cannon Street, EC4P 4BY*

## HIGHLY PROFITABLE OLD-ESTABLISHED, SCHOOL OUTFITTING/SPORTS BUSINESS

In S. London (40 schools supplied). Captive market, scope for more. Easily run, fully staffed, long lease. Audited a/cs, owner retiring.
*Write Box G10137, Financial Times*
*10 Cannon Street, EC4P 4BY*

## FOR SALE
PUBLICATION

Trade weekly for Retailers
Turnover of £¾m per year
Sale of Title or Company
*Principals only apply*
*Write Box G10136, Financial Times*
*10 Cannon Street, EC4P 4BY*

## MANUFACTURER
## Industrial Rubber Products

This old-established business, located in the North-west, and convenient for the M6, is offered for sale as a going concern. It specialises in the manufacture of rubber mouldings, sheeting and rings for industrial use, and has a growing turnover in the region of £450,000. Operating assets include freehold land and building of some 60,000 sq ft., plant and machinery and stocks with a current value of £165,000.
Write Box G.10139, Financial Times,
10, Cannon Street, London EC4P 4BY.

## REST HOME
50 MILES SOUTH OF LONDON

Upmarket, completely refurbished to luxury standards. Registered for 23. Two cottages included. Operating for 12 months. 13 Residents currently. Turnover £120,000. Price: £345,000 or would split. Great potential for extending registration.
TEL: 01-405 4075/7030

## FOR SALE
AS A GOING CONCERN

Limited Company specialising in Engineering to the Brewing, Distilling, Food and Chemical Process Industries. Profitable history and existing Management available subject to satisfactory negotiations. Interested parties should apply for further details to:
Box G.10132, Financial Times,
10, Cannon Street, London EC4P 4BY.

## ELECTRICAL AND MECHANICAL CONTRATORS
BUSINESS FOR SALE

Well known, long established
London based
GOING CONCERN WITH
GOOD ORDER BOOK
Members ECA and HVCA
Principals only please
*Write Box G10143, Financial Times*
*10 Cannon Street, EC4P 4BY*

## FOR SALE
SPORTS STORE

Based prominet Dunstable position
Attractively fitted out
Turnover approx. £125k pa
All main sports agencies. Excellent margins and very economic lease
*Write Box G10141, Financial Times*
*10 Cannon Street, EC4P 4BY*

## FOR SALE

Light Engineering Manufacturing Company in Home Counties seeks purchaser able to realise potential of rapidly growing concern. Patent negotiable. Current t/o £120k. Sale due to ill health.
*Apply to:*
163 Amcliffe Drive, Heelands
Milton Keynes, Bucks

## UNIX BASED SOFTWARE

Purchaser sought for newly formed micro software company having existing vertical market products plus staff with established skills in contemporary software technology. Further products based on Unix being developed.

*Write Box G10146, Financial Times*
*10 Cannon Street, EC4P 4BY*

# Rental Leasing and Contract Hire International

## SALE AND LEASE BACK
## HOTEL PROPERTY IN FRANCE

Proprietors of well-known 40 bedroom 4-star hotel in prime location on main square of tourist/holiday town 60 km from central Paris seek to enter sale or sale/lease back agreement. Property comprises freehold functioning hotel and restaurants in 1,800 sq m. of grounds all in first class condition.
Current market value approximately £1m
*Full details on application to Box G10138*
*Financial Times, 10 Cannon Street, London EC4P 4BY - Principals only*

## CHRISTIE & CO
RETAIL GROUP CENTRED IN MANCHESTER

Comprises 12 leasehold shops in prime sites. Combined T/O £1m plus Warehouse and ice cream plant also included. Main products greeting cards and books. Available fully staffed. Price £125,000 for company shares. Apply:
32 Park Square, Leeds LS1 2PF
Tel: 0532 459667

## A PAPER CONVERTING BUSINESS

NEAR DARTFORD, KENT
Fully equipped modern leasehold premises, 23,000 sq. ft.
Approx. T/O £1.5m.
*Apply Box G10147, Financial Times*
*10 Cannon Street, EC4P 4BY*

# Businesses Wanted

## Company Wanted
## CASH AQUISITION

Our client, a PLC GROUP, are looking to make a MAJOR CASH ACQUISITION to establish a new independent PROFIT centre. Areas which will be actively considered will probably have an ENGINEERING BASE or MODERN PRODUCTS either as a MANUFACTURER or DISTRIBUTOR with a possible EXPORT content. LOCATION is not a restricting factor, and our clients approach could equally accommodate the family company RETIREMENT/CAPITAL REALISATION situation, or the PLC DIVESTMENT.

*All replies in STRICTEST CONFIDENCE from PRINCIPALS OR PROFESSIONAL ADVISERS:*

C. N. Kenyon
KENYON BUSINESS SERVICES LTD
Sumlock House, 314 Chester Road
Hartford, Cheshire - Tel: 0606 888810

## BUSINESS WANTED

Successful UK company, subsidiary of U.S. corporation, engaged in wholesaling, mail order and publishing, seeks acquisition of compatible business with good profit potential

All enquiries will be treated in strictest confidence

*In first instance apply to Managing Director, Box G10140*
*Financial Times, 10 Cannon Street, London EC4P 4BY*

## INDUSTRIAL INSTRUMENTATION

A division of a substantial British PLC wishes to develop its interests in industrial instrumentation. It seeks to acquire successful companies manufacturing and/or distributing fixed and portable instrumentation involving all parameters of liquid measurement

*Write Box G10130, Financial Times*
*10 Cannon Street, EC4P 4BY*

## New high-quality Wash Products Importers required

for range of exclusive cleaning products such as
PHOSPHATE-FREE
OR PHOSPHATE-POOR
WASHING POWDER
ANTISEPTIC-CLEANER ETC.

MIELAND BELGIUM
Telex: 62131
Telephone: 32-16-81.56.21

## U.K. Company

has funds available to purchase companies involved in transport distribution, road haulage, plant hire. Please reply to investor
All replies will be acknowledged
*Write Box G9994, Financial Times*
*10 Cannon Street, EC4P 4BY*

## TRAVEL AGENCY WANTED

A reputable overseas group with travel interest is urgently seeking to purchase an agency with both IATA and ABTA licences to handle/expand their U.S.A. and European business. Any dormant or unprofitable Company will be considered.
Write immediately in confidence to:
Box G.10142, Financial Times,
10, Cannon Street, London EC4P 4BY.

**TRANSPORT/HAULAGE/VEHICLE FLEETS** required. With or without property. Confidentiality assured. M. Harrison, tel: Barlaston (078 130) 2829. Telex: 367327 Malcolm.

# Business Opportunities

## LEISURE BASED COMPANY
requires investment up to a total of £120,000

Our client, who owns a Home Counties based Garden and Leisure Centre seeks funds to assist in the financing and further development of the business which has built up its turnover to a current £900,000 in its fourth year of trading with prospects up to at least £1.5m and with substantial annual profits forecast. A minority share of 25% is available to investors who would qualify for relief under the Business Expansion provisions. Arrangements will be made to enable investors to withdraw their accumulated capital after 5 years.

*Enquiries to:*
VANEK PETERS, Certified Accountants
334 Upper Richmond Road West, SW14 7JR

## GOLD AND DIAMONDS ALLUVIAL MINING

Operation in West Africa seeks £100,000 sterling capital to re-equip and expand
Partnership Offered
This is a genuine, unusual and exciting opportunity offering prospects of exceptionally high returns over a short period
*Write Box F5170, Financial Times*
*10 Cannon Street, EC4P 4BY*

## SMALL EXPERT TEAM OF FRUSTRATED ENGINEERS

producing profitable orders enquiries in excess of £2m p.a. for med. machining fabrication work, home and export, seeks dynamic effective manufacturer. Currently retained by hopelessly inefficient parent Company. All proposals considered. Principals only.
Write Box G 10152, Financial Times,
10, Cannon Street, London EC4P 4BY.

**LEATHER** — Partners sought by finishing company, London area. Tel: 060-875 637.

# Company Notices

## THE BROKEN HILL PROPRIETARY COMPANY LIMITED

ANNOUNCES THAT A HALF YEARLY DIVIDEND WILL BE PAID ON 28TH NOVEMBER 1984 IN AUSTRALIAN CURRENCY AS FOLLOWS:

1. 25 cents a share (being at the rate of 25 per centum per annum) on the 414 611 593 fully paid shares of the company on issue as at 1st June 1984, and
2. 12.5 cents a share (being at the rate of 12.5 per centum per annum) on those of the 38 270 651 new shares of the company alloted on 29th May 1984 on which the second and final instalment was payable not later than 4th September 1984 and was received by the company.

Resulting fractions of one cent in dividend entitlements will be paid to the next whole cent above.

The dividend in respect of shareholders who, not later than 19th October 1984, have elected that some or all of the fully paid shares held by them shall participate in the company's dividend investment plan, shall be satisfied in respect of those shares by the allotment of paid up shares in accordance with the plan.

The books closing date fixed by the company for the purpose of determining those shareholders entitled to participate in the dividend is 26th October 1984. Transfers will be accepted for registration until 5.00 p.m. on that date at the Company's share registers at the following addresses:—

AUSTRALIA
MELBOURNE: 140 WILLIAM STREET
SYDNEY: 20 O'CONNELL STREET
ADELAIDE: 41-47 CURRIE STREET
BRISBANE: 344 QUEEN STREET
PERTH: 55 ST. GEORGE'S TERRACE
CANBERRA: ARTHUR YOUNG AND COMPANY
40 MARCUS CLARKE STREET
HOBART: PERPETUAL TRUSTEES AND NATIONAL EXECUTORS OF TASMANIA LIMITED
29 MURRAY STREET
U.K.
LONDON: 14 HANOVER SQUARE
The Broken Hill Proprietary Company Limited

## Keppel Shipyard Limited

US$15,000,000
8⅝% BONDS 1984

NOTICE IS HEREBY GIVEN that the Company will redeem all outstanding Bonds at par on 15th October 1984 and thereafter, interest on the Bonds will cease to accrue.

Payment of principal and interest will be made against the surrender of Bonds and coupons at the office of one of the Paying Agents.

DBS BANK
PRINCIPAL PAYING AGENT 8 October 1984

## GENERAL MINING UNION CORPORATION LIMITED
*(Incorporated in the Republic of South Africa)*

PAYMENT OF COUPON No. 121
(Dividend No. 117)

Holders of Share Warrants to Bearer will receive payment on or after 18 October 1984 at the rate of 26.27618p, the amount declared per share less 3.941425p being South African Non-Resident Shareholders' Tax of 15% against surrender of Coupon No. 121.

Coupons must be deposited FOUR CLEAR DAYS for inspection before payment will be made:

In London: At the London Secretaries Office of the Corporation, 30 Ely Place, London, EC1N 6UA.
In Paris: At Credit du Nord or Lloyds Bank International (France) Ltd.
In Switzerland: At Credit Suisse, Zurich, Union Bank of Switzerland, Zurich, Swiss Bank Corporation, Basle or at any of their branches.

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:

| | Pence |
|---|---|
| Amount of dividend after deduction of South African Non-Resident Shareholders' Tax of 15% | 22.334755 |
| Less: United Kingdom Income Tax of 15% on the gross amount of the dividend of 26.27618p | 3.941425 |
| | 18.393330 |

*Listing forms can be obtained on application to the London Secretaries.*
per pro. GENCOR (U.K.) LIMITED
London Secretaries
L. J. BAINES

30 Ely Place,
London EC1N 6UA.
8 October 1984

NOTE—Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African Non-Resident Shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15 per cent instead of at the basic rate of 30 per cent represents an allowance of credit at the rate of 15 per cent. The gross amount of the dividend received to be entered by the individual shareholder on any return for income tax purposes is 26.27618p multiplied by the number of shares held.

## CANON INC.

Advice has been received from Tokyo that the Board of Directors has declared a payment of DIVIDEND of Yen 6.25 per share for the six months period ended 30th June 1984.

Holders of EUROPEAN DEPOSITARY RECEIPTS TO BEARER (SHARE EDRs) wishing to claim this dividend in respect of the shares represented by their share EDRs should present Coupon No. 45 at the office of HILL SAMUEL & CO. LIMITED, 45 BEECH STREET, LONDON EC2P 2LX, where listing forms are available, or BANQUE INTERNATIONALE A LUXEMBOURG, 2 BOULEVARD ROYAL, LUXEMBOURG.

Payment in sterling will be made at the rate of exchange ruling one day after presentation.

Holders of BEARER DEPOSITARY RECEIPTS (SHARE BDRs) wishing to claim this dividend in respect of the shares represented by their share BDRs should present Coupon No. 22 at the office of HILL SAMUEL & CO. LIMITED, 45 BEECH STREET, LONDON EC2P 2LX, where listing forms are available or:

Algemene Bank Nederland N.V.,
32 Vijzelstraat,
Amsterdam;
Citibank N.A.,
111 Wall Street,
New York, N.Y. 10015;
Societe Generale,
29 Boulevard Haussmann,
75 Paris 9;
The Fuji Bank Limited,
Immermannstrasse 3,
4 Dusseldorf;
Kredietbank S.A.,
Luxembourgeoise,
43 Boulevard Royal,
Luxembourg.

Payment will be made in U.S. Dollars at the rate of exchange ruling one day after presentation.

Japanese Withholding Tax at the rate of 20% will be deducted from the proceeds of the dividend, except in the case of holders resident in the following countries:

| | |
|---|---|
| Arab Republic of Egypt | The Nederlands |
| Australia | New Zealand |
| Belgium | Norway |
| Canada | Singapore |
| Denmark | Spain |
| Finland | Sweden |
| France | Switzerland |
| Ireland | United Kingdom |
| Italy | United States of America |
| Korea | West Germany |
| Malaysia | |

To obtain payment under deduction of Withholding Tax at the reduced rate of 15%, residents of the above countries must furnish a declaration of residence as required by the Japanese Ministry of Finance. The declaration in respect of holders resident in the United Kingdom is incorporated in the listing form.

For residents of all other countries a separate declaration must be furnished, giving the name and address of the benecial owner, the number and definitive numbers of EDRs/BDRs held, and attesting that he is entitled to the 5% Tax Relief pursuant to the Tax Convention between Japan and the country concerned.

Share EDR/BDR holders resident in the Republic of Korea will receive payment under deduction of Withholding Tax at the reduced rate of 12% and residents of Zambia without any deduction subject to the provision of a declaration as set out above.

Attention is drawn to the fact that the above mentioned concessions relating to Japanese Withholding Tax apply only to coupons presented for payment within 6 months of the record date. Thereafter tax will be deducted at the full rate of 20% and it will be the responsibility of the owner to claim from the Japanese Tax Authorities any refund to which he is entitled.

United Kingdom Income Tax at the appropriate rate will be deducted from the proceeds unless the Coupons are accompanied by a United Kingdom Affidavit of Non-residence.

Full information may be obtained from:

HILL SAMUEL & CO. LIMITED,
45 Beech Street,
London EC2P 2LX.

## EUROPEAN FERRIES PLC
(CDRs)

With reference to the modified Scheme of Arrangement which became effective on 3rd August, 1984, the undersigned has elected for new preference shares of European Ferries Group PLC ("EFG") except where otherwise instructed by CDR holders.

As from 15th October, 1984 one new CDR European Ferries Group PLC representing 100 preference shares of £1 each cum. cp. no. 1 s.c.a. and conc. cp. no. 1 s.c.a. and talon will be gratuitously available at Kas-Associatie N.V., Spuistraat 172, Amsterdam against delivery of one old CDR European Ferries PLC representing 100 ordinary shares of 25p each cum. cp. no. 15 s.c.a. and conc. cp. no. 15 s.c.a. and talon.

CDR holders who qualify for the existing fare concessions on Townsend Thoresen car ferries are reminded that they will continue to do so for bookings on sailings up to 31st January, 1985.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam,
1st October, 1984.

## BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE

US$30,000,000 Floating Rate Notes 1982/1988

The rate of interest applicable to the interest period from October 9, 1984, up to April 9, 1985, as determined by the reference agent is 12 per cent per annum, namely US$60.67 per note of US$1,000.

## B.A.T. INTERNATIONAL FINANCE LIMITED
(B.A.T. International Finance PLC)

100,000,000 FRENCH FRANCS
7½% GUARANTEED BONDS 1987

At the request of the Trustee, we hereby give notice that the nominal amount of FF 5,000,000 has been purchased on the market for redemption due November 15, 1984.
Amount outstanding: FF 53,000,000.
The Principal Paying Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg,
October 9, 1984.

## THE ROYAL BANK OF CANADA

U.S.$100,000,000
FLOATING RATE DEBENTURES
DUE 1987

In accordance with the terms and conditions of the Debentures, the interest rate for the period 9th October, 1984 to 9th April, 1985 has been fixed at 11¼% per cent per annum.

On 9th April, 1985 interest of U.S.$297.01 per U.S.$5,000 nominal amount of the Debentures and interest of U.S.$2,970.14 per U.S.$50,000 nominal amount of the Debentures will be due for payment.

SWISS BANK CORPORATION
INTERNATIONAL LIMITED
Reference Agent

SECTION III – INTERNATIONAL MARKETS

# FINANCIAL TIMES

Tuesday October 9 1984

Barclays issues $600m in perpetual FRNs, Page 46

WALL STREET

## Holiday spirit hits trading

BUSINESS on Wall Street was substantially reduced yesterday, when the federal banks and many government offices closed for the Columbus Day holiday, *writes Terry Byland in New York.*

The market in federal bonds did not trade, and in the stock market, where share turnover was barely two thirds of normal levels, many trading companies operated with only nominal staffing levels.

The stock market made little further move until the end of the session, when the Dow Jones industrial average rallied from its 6.7 point fall to end at 1,177.89, at net loss of 4.64. Turnover was at rock bottom levels, with only 46.6m shares traded.

A firm spot was provided by Eastern Air Lines, $⅛ higher at $4¾ on news of a turnround into profit in the third quarter.

In the credit markets, municipal and corporate bond traders were open for business, and prices looked a shade firmer in both sectors.

The latest minutes of the Federal Open Market Committee, published on Friday, hinted that the Fed is willing to ease its grip if money supply growth continues to slacken. But offsetting this is the continued delay in Congressional approval for the new federal debt ceiling, which has created a heavy blacklog of Treasury financing.

The tone of the stock market appeared uneasy, as traders weighed the prospects for the $9.9bn in Treasury financing due this week.

Storage Technology fell $3½ to $7 when 1.3m shares changed hands after its board forecast a loss of more than $20m for the third quarter. The company also forecast a fourth-quarter loss and said it would probably cut its workforce by 1,500.

An unexpected shadow was cast over industrial stocks as some branches of the United Auto Workers rejected the proposed wage pact with General Motors. Share prices opened lower, with GM $⅝ down at $76⅝. Ford, which is also negotiating with the union, fell $¼ to $44⅛, and Chrysler shed $¼ to $29⅛.

The announcement of job cuts at AT & T and Pan American also disturbed the market, along with nervousness that Caterpillar Tractor might cut its dividend this week when it is expected to confirm that it traded at a loss in the third quarter.

Once again Caterpillar lost ground, falling $⅞ to $30¾ after shedding $2⅛ in heavy trading on Friday. International Harvester lost $⅛ to $6⅝.

IBM gave up $⅝ to $120⅝. Merck, the major pharmaceutical group, lost $2 to $80½ after the West German authorities suspended approval for Zienam, its antibiotic drug.

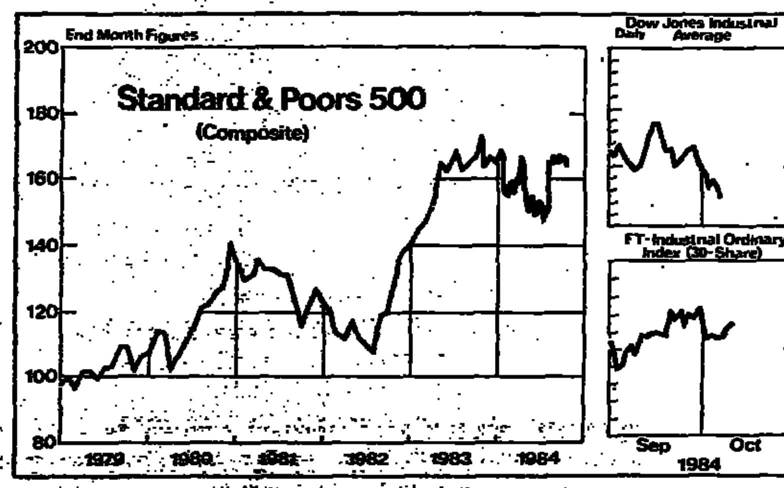
Other drug stocks – still vulnerable to the strong U.S. dollar – fell, with Bristol-Myers $⅝ down at $44 and Pfizer $⅝ off at $34⅝.

Bank stocks were dull, but no more than the rest of the market as Wall Street braced itself for the second-quarter results, due this week. First Chicago at $20⅛ eased by $⅛, and Chase Manhattan at $39⅞ gave up $⅝.

By midsession, however, trading in the stock market was already dying away as more traders decided to leave their offices early and celebrate Columbus Day at home.

**Toronto** and **Montreal** were closed for Canadian thanksgiving.

### KEY MARKET MONITORS




STOCK MARKET INDICES

| | Oct 8 | Previous | Year ago |
|---|---|---|---|
| **NEW YORK** | | | |
| DJ Industrials | 1,177.89 | 1,182.53 | 1,272.15 |
| DJ Transport | 518.42 | 515.03 | 586.70 |
| DJ Utilities | 138.64 | 138.28 | 138.97 |
| S&P Composite | 162.13 | 162.68 | 170.80 |
| **LONDON** | | | |
| FT Ind Ord | 866.6 | 863.2 | 701.1 |
| FT-SE 100 | 1,139.0 | 1,135.2 | 952.7 |
| FT-A All-share | 535.83 | 534.29 | 440.95 |
| FT-A 500 | 582.41 | 580.83 | 479.17 |
| FT Gold mines | 561.8 | 575.9 | 570.9 |
| FT-A Long gilt | 10.30 | 10.27 | 10.43 |
| **TOKYO** | | | |
| Nikkei-Dow | 10,676.93 | 10,737.58 | 9,562.48 |
| Tokyo SE | 833.11 | 838.81 | 698.6 |
| **AUSTRALIA** | | | |
| All Ord. | 745.3 | 749.5 | 709.5 |
| Metals & Mins. | 455.1 | 412.8 | 540.3 |
| **AUSTRIA** | | | |
| Credit Aktien | 58.16 | 56.08 | 54.76 |
| **BELGIUM** | | | |
| Belgian SE | 161.89 | 161.07 | 129.04 |
| **CANADA** | | | |
| Toronto | | | |
| Metals & Mins | closed | 1,963.9 | 2,484.0 |
| Composite | closed | 2,366.2 | 2,517.1 |
| Montreal | | | |
| Portfolio | closed | 115.82 | 124.2 |
| **DENMARK** | | | |
| Copenhagen SE | 172.49 | 173.06 | 189.41 |
| **FRANCE** | | | |
| CAC Gen | 181.6 | 180.7 | 140.9 |
| Ind. Tendance | 117.8 | 117.4 | 89.5 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 366.24 | 364.88 | 326.03 |
| Commerzbank | 1,068.1 | 1,060.8 | 968.4 |
| **HONG KONG** | | | |
| Hang Seng | 983.5 | 974.17 | 734.05 |
| **ITALY** | | | |
| Banca Comm. | 210.82 | 215.04 | 191.01 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 176.2 | 174.8 | 143.4 |
| ANP-CBS Ind | 137.1 | 136.5 | 118.1 |
| **NORWAY** | | | |
| Oslo SE | 257.4 | 253.87 | 216.55 |
| **SINGAPORE** | | | |
| Straits Times | 859.62 | 870.61 | 930.19 |
| **SOUTH AFRICA** | | | |
| Golds | 1,015.8 | 1,026.1 | 782.7 |
| Industrials | 859.4 | 862.2 | 927.9 |
| **SPAIN** | | | |
| Madrid SE | 154.51 | 153.47 | 118.44 |
| **SWEDEN** | | | |
| J & P | n/a | 1,455.7 | 1,476.89 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 373.0 | 373.8 | 339.7 |
| **WORLD** | Oct 5 | Prev | Year ago |
| Capital Int'l | 181.6 | 181.5 | 181.7 |

GOLD (per ounce)

| | Oct 8 | Prev |
|---|---|---|
| London | $341.50 | $342.50 |
| Frankfurt | $341.75 | $343.75 |
| Zürich | $341.75 | $342.25 |
| Paris (fixing) | $343.21 | $345.40 |
| Luxembourg (fixing) | $342.00 | $346.90 |
| New York (Oct) | $342.40 | $341.40 |

* Latest available figure; † Oct 5

CURRENCIES

| (London) | U.S. DOLLAR Oct 8 | Previous | STERLING Oct 8 | Previous |
|---|---|---|---|---|
| $ | – | – | 1.2365 | 1.238 |
| DM | 3.051 | 3.0485 | 3.775 | 3.775 |
| Yen | 246.75 | 246.85 | 304.75 | 305.75 |
| FFr | 9.355 | 9.345 | 11.555 | 11.57 |
| SwFr | 2.512 | 2.5175 | 3.11 | 3.115 |
| Guilder | 3.4445 | 3.441 | 4.25 | 4.255 |
| Lira | 1,892.0 | 1,888.5 | 2,336.5 | 2,329.5 |
| BFr | 61.825 | 61.7 | 76.35 | 76.55 |
| C$ | 1.3185 | 1.31475 | 1.63 | 1.631 |

INTEREST RATES

| | Oct 8 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 10½ | 10⅝ |
| SwFr | 5⅞ | 5¼ |
| DM | 5 15/16 | 5 15/16 |
| FFr | 12 | 12 |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 11⅞ | 11⅝ |
| 6-month U.S.$ | 11⅝ | 11 11/16 |
| U.S. Fed Funds | 10⅛† | 10⅝ |
| U.S. 3-month CDs | 10.90† | 11.05 |
| U.S. 3-month T-bills | 10.12† | 10.13 |

U.S. BONDS

| | Oct 5 Price | Yield | Prev Price | Yield |
|---|---|---|---|---|
| **Treasury** | | | | |
| 11¾ 1986 | 99 29/32 | 11.89 | 99 25/32 | 12.00 |
| 13¾ 1991 | 105 [illegible] | 12.41 | 105 [illegible] | 12.57 |
| 12⅝ 1994 | 101 [illegible] | 12.36 | 100 [illegible] | 12.53 |
| 12½ 2014 | 102 [illegible] | 12.16 | 101 [illegible] | 12.32 |
| **Corporate** | | | | |
| AT & T | | | | |
| 10⅜ June 1990 | 90⅞ | 12.75 | 90⅞ | 12.75 |
| 3⅞ July 1990 | 70⅞ | 10.85 | 70⅞ | 10.85 |
| 8¾ May 2000 | 72⅛ | 12.95 | 72⅛ | 12.95 |
| Xerox | | | | |
| 10¼ March 1993 | 88⅜ | 12.85 | 88⅜ | 12.85 |
| Diamond Shamrock | | | | |
| 10¾ May 1993 | 88⅞ | 12.95 | 88⅞ | 12.95 |
| Federated Dept Stores | | | | |
| 10⅜ May 2013 | 82⅛ | 12.95 | 82⅛ | 12.95 |
| Abbot Lab | | | | |
| 11.80 Feb 2013 | 92 | 12.90 | 92 | 12.90 |
| Alcoa | | | | |
| 12½ Dec 2012 | 91⅞ | 13.45 | 91⅞ | 13.45 |

FINANCIAL FUTURES

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **U.S. Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| Dec | 67-22 | 67-26 | 67-18 | 67-18 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| Dec | 89.86 | 89.92 | 89.82 | 89.83 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| Dec | 88.99 | 88.99 | 88.90 | 88.94 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| Dec | 88.59 | 88.60 | 88.52 | 88.46 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| Dec | 107-18 | 108-01 | 107-18 | 107-15 |

COMMODITIES

| (London) | Oct 8 | Prev |
|---|---|---|
| Silver (spot fixing) | 587.20p | 608.80p |
| Copper (cash) | £1,021.25 | £1,021.50 |
| Coffee (Nov) | £2,320.50 | £2,346.50 |
| Oil (spot Arabian light) | $27.77 | $27.77 |

LONDON

## Rate hopes provide the bolster

GROWING convictions that Britain's retail banks could shortly reduce base lending rates bolstered confidence yesterday in London stock markets.

Money markets continued last week's trend towards cheaper credit, and with sterling under little pressure against the dollar, hopes were high that the authorities would signal their approval for the move.

Conventional government securities managed small improvements before buyers switched their interest to index-linked issues. Stock shortages there became evident and left selected stocks with rises to 2¾ points.

Leading shares maintained a firm tone throughout, but most of the day's business was directed at companies reporting news items.

Glaxo slipped 20p to 970p on a slightly disappointing preliminary statement, while Standard Telephones and Cables weakened by the same amount to 286p following its omission from British Telecom's shortlist of groups invited to tender for the digital electronic local exchange system.

Measuring the equity trend, the FT Industrial Ordinary share index settled 3.4 up at 866.6. The recently weak constituent TI contributed to the gain with a rally of 6p to 192p.

*Chief price changes, Page 38; Details, Page 39; Share information service, Pages 40–41*

HONG KONG

SHARP initial weakness was partially corrected by the Hong Kong close as buying pressure cautiously re-emerged after last week's negative showing.

Jardine Matheson, which has taken a pounding since the release of unexpectedly poor results 10 days ago, shed 35 cents more to HK$6.75

Its setback since the earnings statement on September 28 reached HK$2.15 or 24 per cent, with the persistent selling attributed to the lack of a detailed explanation from the company.

The property sector remained weak, pulling Cheung Kong 16 cents lower to HK$7.85. Hongkong Land, although 10 cents off at HK$2.92, showed late benefit from rumours of a disposal on the way. This was confirmed after the close in the form of the proposed sale of a large hotel.

AUSTRALIA

THE CALLING of a general election came after the Sydney close, on a day dominated by overseas selling of resource issues.

The sales, sourced in particular to Hong Kong investors, were the result of continued firmness in the U.S. dollar, a decline in which would have boosted commodity values and thus mining issues. This liquidation of speculative positions followed good gains last week.

BHP fell 15 cents to A$10.30, Central Norseman 20 cents to A$4.80 and Vamgas 10 cents to A$3.90. EZ Industries, on its last day of trading before being compulsorily acquired by North Broken Hill, firmed 6 cents to A$6.46. The new parent added a cent to A$2.43.

SINGAPORE

FALLS swamped rises in Singapore by more than two to one as the Straits Times industrial index, off 10.99 to 859.62, reached a low for the year.

Buying interest was minimal, and sentiment was determined by weakness in the Malaysian ringgit and concern over the budget in 10 days' time.

A weekend Malaysian denial of devaluation plans was dismissed as of no consequence if its central bank – not in evidence in the foreign exchange markets yesterday – allowed a continuing downward drift.

Selangor Properties shed 13 cents to S$2.70, United Motor Works 11 cents to S$1.54 and Oriental Holdings 18 cents to S$3.40.

SOUTH AFRICA

RESULTS from Gold Fields of South Africa group mines, generally on the lower side, were the focus of Johannesburg attention and helped to extend a retreat which set in late last week in line with bullion.

GFSA itself slid 70 cents to R28.75, while of its constituents Driefontein was a firm exception, adding 25 cents to R50.75 on its steady output. However, Kloof fell R1.50 to R71.

Elsewhere, Anglo American dipped 25 cents to R23.50, and De Beers 13 cents to R8.70, while Messina resumed trading at R3.90 after the agreed R5 a share bid by Sanlam.

TOKYO

## Low profile prompts a retreat

AN EXTREMELY low profile was maintained by Tokyo investors yesterday after financial issues had led a strong rally late last week. The resulting caution drove blue chips, banks and non-life insurance issues lower, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average shed 34.10 from Saturday to 10,676.93, as volume shrank sharply from Friday's 375.06m shares to 228.58m. Losses outpaced gains by a narrow 335 to 323, with 163 issues unchanged.

The slow trading reflected a lack of fresh incentives and the wide view that the market had peaked for the time being last Friday, when the barometer improved to 10,694 and recouped two thirds of the ground lost since the record high of 11,190 on May 4.

Financial issues plunged on light sales. Although Sumitomo Bank recovered last weekend's level of Y1,130, Mitsubishi Bank declined Y70 to Y999, Fuji Bank Y20 to Y1,050 and Tokai Bank Y5 to Y622.

Blue chips also performed poorly with the exception of Matsushita Electric Industrial, which firmed Y10 to Y1,650. Fuji Photo Film weakened Y10 to Y1,670, Fanuc Y160 to Y12,090 and Kyocera Y110 to Y7,180.

Incentive-backed issues came to the spotlight. Teijin headed the actives with 12.13m shares traded, rising Y10 to Y416 on news of development of a pollution-free electrode material, which some investors speculate could lead to replacement for mercury-based battery cells.

Sumitomo Light Metal climbed Y14 to Y323 on revived appraisal of its aluminium magnetic disc development. Reflecting the persistent popularity of biotechnology issues, Mochida Pharmaceutical shot up Y1,050 to Y11,700, Tanabe Seiyaku Y20 to Y1,060, Sankyo Y10 to Y898 and Yamanouchi Pharmaceutical Y20 to Y1,650.

Morinaga dropped Y54 to Y466 on heavy sales, sparked by reports that anonymous saboteurs had laced a Morinaga chocolate with sodium cyanide. The market was fearful that the confectioner would suffer if products were removed from store shelves. Morinaga was the seventh busiest stock with 3.65m shares.

The bond market moved little in very thin trading due to the partial closure of U.S. financial markets until today and a Japanese national holiday tomorrow.

Some trust banks sounded out brokerage houses on making small-lot sales of 10-year government bonds with about nine years remaining to maturity after heavy buying last week, but the market was little affected.

The yield on the benchmark 7.5 per cent government bond due in January 1993 was unchanged at 7.095 per cent.


EUROPE

## Firmness remains in Frankfurt

A STEADY West German bond market, coupled with the recent fall in U.S. interest rates, continued to support a firmer trend in **Frankfurt**. Rate-sensitive chemical and utility stocks were favoured.

BASF ended DM 1 higher at DM 161, although DM 1 off the day's high, Bayer added DM 1.70 to DM 178.90 and Hoechst took on DM 1.50 to DM 178.80 in lively trading. The Commerzbank index reflected the activity, closing 7.3 firmer at 1,068.1.

In the motor sector, however, stocks continued their downward trend as the debate grew over the institution of speed limits on West German highways.

Porsche ended with a DM 5 loss at DM 1,057, Daimler Benz and BMW both slipped 50 pfg to DM 585.50 and DM 386 respectively, and VW eased 20 pfg to DM 181.50.

Banks, electricals and steels finished mixed. Bayerische Vereinsbank firmed by DM 4 to DM 333, while Dresdner eased 50 pfg to DM 168.5 and Commerzbank 30 pfg to DM 166.

Bonds ended firmer after the Government announced a lowering of yields on a variety of refinancing paper. The Bundesbank sold DM 10.7m of domestic paper, against DM 21.8m on Friday.

Foreign confidence in the franc aided prices in **Paris** where overseas investors seemed to be lured by export-orientated stocks. Engineering, electricals and oils gained while stores were mixed.

Elf Aquitaine rose FFr 3.20 to FFr 256, and Dassault advanced FFr 28 to FFr 700.

Declines were led by Générale des Eaux, down FFr 13 to FFr 550, and Peugeot, FFr 3 lower at FFr 216.

Michelin, which announced stronger first-half profits, added FFr 3 to FFr 902.

A dull **Amsterdam** saw early gains slip away, leaving most sectors mixed. However, the ANP-CBS general index gained 1.4 to 176.2 as foreign issues and banks, benefiting from easing interest rates, firmed.

ABN jumped Fl 7 to Fl 337, and NMB took on 10 cents to Fl 146 after opening lower.

Publishers were mixed, with Elsevier rising Fl 1.30 to Fl 101.80, while VNU lost Fl 2.50 to Fl 183.

Domestic bond prices continued higher although activity was subdued by the anticipation of a quiet session in New York because of the partial holiday.

Investors held back in **Zurich** after Bank Leu announced a rise in interest rates on domestic medium-term notes. The market expected other banks to follow suit.

Interest focused on Surveillance, the Geneva-based trade inspection company, which closed SwFr 210 lower at SwFr 3,600 after reports that Lloyd's and the UK Crown Agents were setting up a company to challenge the Swiss group.

Banks and insurers were little changed, while chemical issue Ciba-Geigy fell SwFr 20 to SwFr 2,450 and Sandoz remained unchanged at SwFr 7,050. Bonds ended lower.

Non-ferrous metals led the market in a firmer **Brussels**, reacting to speculation that the sector might be reorganised. Vieille Montagne jumped BFr 50 to BFr 5,300, while wiremaker Bekaert took on BFr 60 to BFr 4,660.

Industrials and chemicals were mixed while utilities were mostly lower. Petrofina rose BFr 40 to BFr 7,690.

**Madrid** continued to be buoyed by the conclusion last week of a social and economic pact between the Government and Spain's largest trade union. The exchanges general index added 1.04 to 154.51.

Chemicals, banks and electricals saw gains, but the construction sector ended unchanged to lower.

**Milan** turned lower on mediocre trading while **Stockholm** ended mixed to higher.

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 23½ | 13¼ | AAR | .48 | 2.2 | 19 | 167 | 22¼ | 22 | 22 | |
| 18⅝ | 13⅛ | AMF | .50 | 3.0 | 753 | 96 | 16⅝ | 16⅛ | 16⅝ | + ⅛ |
| 41⅛ | 24¼ | AMR | | | 4 | 1629 | 27⅝ | 27¼ | 27⅝ | + ⅛ |
| 20⅝ | 18¼ | AMR | pf2.18 | 11 | | 6 | 19¼ | 19⅛ | 19¼ | |
| 41½ | 27½ | AMR | pf2.13 | 7.2 | | 343 | 29⅝ | 29½ | 29⅝ | |
| 23 | 18 | ANR | pf2.12 | 11 | | 6 | 19¼ | 19⅛ | 19¼ | + ⅛ |
| 16⅝ | 8½ | APL | | | 3 | 41 | 12¼ | 12⅛ | 12⅛ | + ½ |
| 67½ | 40¼ | ARA | 2.10 | 3.1 | 14 | 1084 | 67½ | 67⅛ | 67½ | + ⅛ |
| 69¾ | 44¼ | ASA | 3a | 5.3 | | 155 | 56⅝ | 55⅞ | 56⅝ | + ⅛ |
| 30⅞ | 16½ | AVX | .32 | 1.8 | 11 | 37 | 18½ | 18¼ | 18¼ | |
| 53⅜ | 38¼ | AbtLab | 1.20 | 3.1 | 13 | 1412 | 38⅝ | 38⅛ | 38¼ | |
| 35⅞ | 23¾ | AccoWd | .66 | 2.2 | 18 | 11 | 30½ | 30⅛ | 30⅛ | − ⅛ |
| 27¼ | 12½ | AcmeC | .40 | 2.9 | | 904 | 14½ | 13⅞ | 14 | − ¼ |
| 24⅞ | 11 | AdmDg | .04 | .2 | 13 | 458 | 24 | 24 | 24 | |
| 18¼ | 15 | AdaEx | 2.11e | 13 | | 50 | 16⅜ | 16¼ | 16⅜ | + ⅛ |
| 18⅞ | 11⅞ | AdmMl | .28 | 1.9 | 10 | 12 | 14⅜ | 14¼ | 14⅜ | − ⅛ |
| 22 | 13½ | AdvSys | .61t | 4.8 | 16 | 39 | 16¼ | 16⅛ | 16¼ | + ⅛ |
| 41⅞ | 25¼ | AMD | | | 19 | 5571 | 33¼ | 32 | 32½ | − ⅛ |
| 14⅝ | 7⅜ | Advest | .12 | 1.4 | | 65 | 8⅝ | 8½ | 8⅝ | + ½ |
| 17⅞ | 9⅝ | Aeroflex | | | 11 | 28 | 11½ | 11¼ | 11½ | + ⅛ |
| 39 | 27¼ | AetnLf | 2.64 | 8.0 | 30 | 618 | 32⅞ | 32½ | 32⅞ | |
| 58¼ | 53½ | AetL | pf5.78e | 11 | | 619 | 53⅝ | d53 | 53⅝ | − ½ |
| 34½ | 15¾ | Ahmns | 1.20 | 5.6 | 6 | 564 | 21⅝ | 21¼ | 21¼ | |
| 5½ | 2⅝ | Aileen | | | | 19 | 2⅝ | 2⅝ | 2⅝ | |
| [illegible] | | | | | | | | | | |

Kidder, Peabody Securities
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Market Makers in Euro-Securities

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Continued on Page 37

# AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |

Continued on Page 38

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 36

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |
| 21 | 18½ | Wynns | .60 | 3.3 | 9 | 5 | 18 | 18 | 18 | |

X—Y—Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 52⅞ | 33¼ | Xerox | 3 | 7.9 | 10 | 581 | 38⅞ | 37½ | 38⅛ | + ⅛ |
| 51⅞ | 45¼ | Xerox | pf5.45 | 12 | | 13 | 47 | 46½ | 47 | + ½ |
| 37 | 19 | XTRA | .24 | 1.0 | 10 | 27 | 25¾ | 26¼ | | |
| 33⅝ | 24 | ZaleCp | 1.32 | 5.1 | 9 | 32 | 26⅝ | 26 | 26⅛ | |
| 24⅞ | 15¼ | Zapata | .84 | 4.5 | 13 | 1222 | 18⅝ | 18⅝ | 18¾ | − ⅛ |
| 48 | 28¼ | Zayre | .40b | 1.0 | 12 | 186 | 42⅞ | 42 | 42 | − ½ |
| 38⅞ | 20 | ZenithE | | | 9 | 188 | 25½ | 25¼ | 25¼ | − ⅜ |
| 27⅞ | 18 | Zero | s .35 | 1.6 | 16 | 19 | 22⅛ | 22 | 22 | − ⅛ |
| 34 | 21⅛ | Zurnin | 1.32 | 5.7 | 12 | 17 | 23 | 22¾ | 23 | + ⅛ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full

# WORLD STOCK MARKETS

## AUSTRIA

| Oct. 8 | Price Sch% | + or — |
|---|---|---|
| Creditanstalt | 311 | ...... |
| Goesser | 330 | ...... |
| Interunfall | 383 | ...... |
| Laenderbank | 213 | +1 |
| Perlmooser | 354 | +1 |
| Steyr-Daimler | 151 | ...... |
| Veitscher Mag. | 240 | ...... |

## BELGIUM/LUXEMBOURG

| Oct. 8 | Price Frs. | + or — |
|---|---|---|
| ARBED | 1,585 | —10 |
| Banq Int A Lux | 5,400 | ...... |
| Bekaert B | 4,660 | +60 |
| Ciment CBR | 2,615 | —45 |
| Cockerill | 280 | —7 |
| Delhaize | 5,700 | ...... |
| EBES | 3,840 | —25 |
| Electrobel | 6,120 | ...... |
| Fabrique Nat | 2,060 | ...... |
| GB Inno BM | 3,450 | —15 |
| GBL (Brux) | 2,335 | —25 |
| Gevaert | 3,580 | —25 |
| Hoboken | 5,900 | —10 |
| Intercom | 2,155 | —15 |
| Kredietbank | 7,400 | +90 |
| Pan Hldgs | 10,200 | —100 |
| Petrofina | 7,690 | —40 |
| Royale Belge | 9,460 | —40 |
| Soc. Gen. Banq | 3,200 | .. |
| Soc. Gen. Belge | 1,840 | +20 |
| Sofina | 7,380 | —50 |
| Solvay | 4,415 | —5 |
| Traction el. | 4,080 | —5 |
| UCB | 5,400 | ...... |
| Vieille Mont. | 5,300 | +50 |

## DENMARK

| Oct. 8 | Price Knr % | + or — |
|---|---|---|
| Aarhus Olie | 430 | ...... |
| Andelsbanken | 240 | ...... |
| Baltic Skand | 545 | ...... |
| CopHandelsbank | 253 | ... |
| D. Sukkerfab | 595 | —15 |
| Danske Bank | 245 | .. |
| East Asiatic | 180 | +3 |
| Forenede Brygg. | 720 | ...... |
| Forenede Damp. | 100 | +1 |
| GNT Hldg | 393 | —7 |
| I.S.S.B. | 369 | ...... |
| Jyske Bank | 469 | ...... |
| Novo Ind. | 1,850 | ...... |
| Privatbanken | 228 | —1 |
| Provinsbanken | 315 | ...... |
| Smidth (F) | 229 | ...... |
| Sophus Berend | 895 | ...... |
| Superfos | 432 | —3 |

## FRANCE

| Oct. 8 | Price Frs. | + or — |
|---|---|---|
| Emprunt 4½% 1975 | 1,720.2 | —1.9 |
| Emprunt 7% 1973 | 9,100 | —9 |
| CNE 3% | 3,788 | +40 |
| Air Liquide | 549 | +1 |
| BIC | 505 | +5 |
| Bouygues | 640 | —1 |
| BSN Gervais | 2,545 | +6 |
| CIT-Alcatel | 1,255 | +5 |
| Carrefour | 1,679 | +14 |
| Club Mediter'n | 1,079 | .. .. |
| CFAO | 666 | +1 |
| Cie Bancaire | 597 | ...... |
| Cofimeg | 223 | ...... |
| Darty | 1,103 | +7 |
| Dumez S.A. | 715 | —6 |
| Eaux (Cie Gen) | 550 | —13 |
| Elf-Aquitane | 256 | +3.2 |
| Gen. Occidentale | 685 | ...... |
| Imetal | 89.5 | —0.5 |
| Lafarge Coppee. | 365.4 | +0.5 |
| L'Oreal | 2,560 | +3 |
| Legrand | 1,988 | +18 |
| Maisons Phenix | 169.8 | —0.7 |
| Matra S.A. | 1,780 | ...... |
| Michelin B. | 902 | +3 |
| Midi (Cie) | 1,777 | +2 |
| Moet-Hennessy | 1,842 | +3 |
| Moulinex | 97.2 | +0.75 |
| Nord Est. | 60 | +0.6 |
| Pernod Ricard | 796 | —2 |
| Perrier | 517 | —1 |
| Petroles Fra. | 218.6 | —0.4 |
| Peugeot S.A. | 216 | —3 |
| Poclain | 59.05 | ...... |
| Printemp.Aus. | 167.9 | +0.2 |
| Radiotech | 236 | +5.9 |
| Redoute | 1,220 | +5 |
| Rousul-Uclaf | 1,685 | +65 |
| Sefimeg | 249.5 | +0.6 |
| SkisRossignol | 1,600 | +5 |
| Telemech Elect. | 1,855 | —10 |
| Thomson CSF | 388.8 | +6.8 |
| Valeo | 242 | ...... |

## GERMANY

| Oct. 8 | Price Dm. | + or — |
|---|---|---|
| AEG-Telef | 109.2 | +0.5 |
| Allianz Vers | 992 | —7 |
| BASF | 161 | +1 |
| Bayer | 178.9 | +1.7 |
| Bayer-Hypo | 297 | +2 |
| Bayer-Verein | 333 | +4 |
| BHF-Bank | 262 | —1 |
| BMW | 386 | —0.5 |
| Brown Boveri | 198.5 | —1.5 |
| Commerzbank | 156.5 | +0.3 |
| Cont'l. Gummi | 125.3 | —0.2 |
| Daimler-Benz | 585.5 | —0.5 |
| Degussa | 373 | ...... |
| D'sche Babcock | 165.5 | —1 |
| Deutsche Bank | 366 | +1.2 |
| Dresdner Bank | 166.5 | —0.5 |
| GHH | 155 | +1.5 |
| Hochtief | 476 | ...... |
| Hoechst | 178.8 | —1.5 |
| Hoesch Werke | 105 | —0.3 |
| Holzmann (P) | 380.2 | —0.3 |
| Horten | 171 | —3 |
| Kali und Salz | 239 | ...... |
| Karstadt | 236.5 | —1.5 |
| Kaufhof | 223 | —1.4 |
| KHD | 246.5 | —5.5 |
| Kloeckner | 66.8 | +0.9 |
| Krupp | 87 | .. .. |
| Linde | 375.5 | —6.5 |
| Lufthansa | 157.5 | +0.5 |
| MAN | 149 | ...... |
| Mannesmann | 155.8 | +0.3 |
| Mercedes Hld. | 520 | —1 |
| Metallgesell | 220 | —2 |
| Munech Rueck | 1,096 | —64 |
| Preussag | 261 | —2 |
| Rhein West Elect | 164.2 | +0.2 |
| Rosenthal | 245 | —2 |
| Schering | 396 | +2.5 |
| Siemens | 441 | +4 |
| Thyssen | 78.5 | —0.5 |
| Varta | 173 | —1 |
| Veba | 172.5 | +0.6 |
| V.E.W. | 120.5 | +0.2 |
| Verein-West. | 296 | ...... |
| Volkswagen | 181.5 | +0.2 |

## ITALY

| Oct 8 | Price Lira | + or — |
|---|---|---|
| Banca Com'le | 16,210 | —40 |
| Bastogi-IRBS | 89 | —18.26 |
| Centrale | 1,805 | —90 |
| Credito Varesino | 3,720 | —31 |
| Fiat | 1,675 | —90 |
| Finsider | 49.5 | —6.25 |
| Generali Assicur | 30,900 | —820 |
| Invest | 2,645 | —15 |
| Italcementi | 51,010 | —340 |
| Montedison | 1,173 | —19 |
| Olivetti | 5,749 | —31 |
| Pirelli Co | 2,980 | —11 |
| Pirelli Spa | 1,740 | —20 |
| Snia BPD | 1,761 | —39 |
| Toro Assic | 11,490 | —320 |
| do. Perf | 8,210 | —340 |

## NETHERLANDS

| Oct. 8 | Price Fls | + or — |
|---|---|---|
| ACF Holding | 185.6 | ...... |
| AEGON | 125 | ...... |
| Ahold | 191 | —1 |
| AKZO | 96.2 | +1.5 |
| ABN | 337 | +7 |
| AMEV | 173.5 | —0.5 |
| AMRO | 63.7 | +0.7 |
| Bredero Cert. | 158 | +1 |
| Bos Kalis Westm. | 12.2 | +2.2 |
| Buehrmann-Tet. | 66 | .. .. |
| Calland Hldgs. | 32.1 | —0.1 |
| Credit Lyon'Is Bk | 57.5 | .. .. |
| Elsevier-NDU | 101.8 | +1.3 |
| Gist Brocades | 163.5 | .. .. |
| Heineken | 138 | +1 |
| Hoogovens | 62.4 | +0.6 |
| Hunter Douglas | 30.2 | —0.5 |
| Int Mueller | 39.5 | ...... |
| KLM | 192.5 | +0.7 |
| Naarden | 46.9 | +0.4 |
| Nat Ned Cert. | 231 | +1.2 |
| Ned M d Bank | 146 | +1 |
| Nedlloyd | 150.5 | ...... |
| Oce Grinten | 256 | .. . |
| Ommeren (Van) | 26.9 | —0.2 |
| Pakhoed | 60 | ...... |
| Philips | 53.7 | +0.3 |
| Rijn-Schelde | 1.1 | .. |
| Robeco | 66.6 | +0.1 |
| Rodamco | 134.1 | +0.2 |
| Rolinco | 63.5 | —0.3 |
| Rorento | 209.8 | +0.1 |
| Royal Dutch | 176.3 | +0.8 |
| Unilever | 288.5 | +1.5 |
| VMF Stork | 130 | +2.5 |
| VNU | 183 | —2.5 |
| West Utr Bank | 98.8 | +0.3 |

## NORWAY

| Oct. 8 | Price Kroner | + or — |
|---|---|---|
| Bergens Bank | 145 | +1 |
| Borregaard | 268 | +5 |
| Christiania Bank | 147.5 | +3.5 |
| DenNorske Cred | 147 | +1 |
| Elkem | 115 | +0.5 |
| Norsk Data | 335 | +5 |
| Norsk Hydro | 123.5xa | ...... |
| Storebrand | 180 | ...... |

## SPAIN

| Oct. 8 | Price Pta % | + or — |
|---|---|---|
| Bco Bilbao | 368 | +1 |
| Bco Central | 375 | +4 |
| Bco Exterior | 221 | +2 |
| Bco Hispano | 262 | ...... |
| Bco Santander | 336 | +2 |
| Bco Vizcaya | 466 | ...... |
| Dragados | 180 | .. |
| Hidrola | 79.7 | —0.5 |
| Iberduero | 90 | +1 |
| Petroleos | 169.7 | +0.5 |
| Telefonica | 104 | —0.2 |

## SWEDEN

| Oct. 5 | Price Kronor | + or — |
|---|---|---|
| AGA | 340 | —10 |
| Alfa-Laval | 193 | —2 |
| ASEA (Free) | 360 | ...... |
| Astra (Free) | 380 | +5 |
| Atlas Copco | 105 | +1 |
| Boliden (Free) | 370 | +2 |
| Cardo (Free) | 250 | —5 |
| Cellulosa | 123 | +3 |
| Electrolux B | 243 | +4 |
| Ericsson | 331 | +2 |
| Esselte | 312 | +2 |
| Mo Och Domsjo | 312 | +8 |
| Pharmacia | 207 | +5 |
| Saab Scania Free | 515 | ...... |
| Sandvik | 595 | +3 |
| Skandia | 291 | +1 |
| Skan Enski'da | 54.5 | .. |
| SKF | 164 | +3 |
| St Kopparbergs. | 166 | ...... |
| Sven Handlesbn. | 172 | +1 |
| Swedish Match | 225 | +1 |
| Volvo B (Free) | 240 | +5 |

## SWITZERLAND

| Oct. 8 | Price Frs. | + or — |
|---|---|---|
| Alusuisse | 750 | +2 |
| Bank Leu | 3,675 | —35 |
| Brown Boveri | 1,345 | —5 |
| Ciba Geigy | 2,450 | —20 |
| do. (Part Certs) | 1,930 | +5 |
| Credit Suisse | 2,220 | —10 |
| Elektrowatt | 2,460 | +10 |
| Fischer (Geo.) | 600 | +6 |
| Genevoise | 5,500 | ...... |
| Hoff-RochePtCts | 92,000 | ...... |
| Hoff-Roche 1/10. | 9,175 | —25 |
| Jacobs Suchard. | 5,800 | —50 |
| Jelmoli | 1,850 | +10 |
| Landis & Gyr | 1,450 | +5 |
| Nestle | 5,250 | —10 |
| Oer-Buehrle | 1,235 | —5 |
| Pirelli | 261 | —1 |
| Sandoz (Br) | 7,050 | ... |
| Sandoz (PtCts) | 1,085 | —15 |
| Schindler (PtCts) | 590 | —10 |
| Swissair | 950 | +5 |
| Swiss Bank | 343 | —2 |
| Swiss Reinsce. | 7,325 | —125 |
| Swiss Volksbk. | 1,430 | —15 |
| Union Bank | 3,400 | —10 |
| Winterthur | 2,980 | —10 |
| Zurich Ins. | 17,000 | ...... |

## AUSTRALIA

| Oct. 8 | Price Aust $ | + or — |
|---|---|---|
| ANZ Group | 4.85 | ...... |
| Acrow Aust | 1.76 | ...... |
| Alliance Oil Dev. | 1.00 | —0.01 |
| Ampol Pet. | 1.65 | +0.05 |
| Aust Cons Ind. | 1.90 | —0.02 |
| Aust. Guarantee. | 2.95 | +0.05 |
| Aust. Nat. Inds | 2.45 | —0.15 |
| Aust. Paper | 2.28 | +0.08 |
| Bell Group. | 5.24 | +0.06 |
| Bond Corp Hldgs | 1.43 | —0.02 |
| Boral | 3.29 | —0.06 |
| Bougainville | 1.78 | —0.04 |
| Brambles Inds. | 3.55 | +0.03 |
| Bridge Oil. | 2.78 | —0.12 |
| B.H. Prop. | 10.3 | —0.15 |
| CRA | 5.10 | —0.16 |
| CSR | 3.08 | —0.06 |
| Carlton Utd. | 4.30 | ... |
| Castlemaine Tys. | 4.76 | —0.02 |
| Coles (G.J.) | 4.01 | +0.01 |
| Comalco "A" | 2.25 | —0.05 |
| Consolidated Pet | 0.43 | —0.02 |
| Costain Aust | 1.4 | ..... |
| Dunlop Aust. | 1.95 | +0.05 |
| E.Z. Inds. | 6.46 | +0.06 |
| Elders IXL | 4.35 | —0.08 |
| Energ Res. | 1.58 | —0.02 |

## AUSTRALIA (continued)

| Oct. 8 | Price Aust. $ | + or — |
|---|---|---|
| Gen Prop Trust | 2.22 | +0.03 |
| Hardie (James) | 3.38 | ...... |
| Hartogen Energy | 2.3 | +0.1 |
| Herald W'yTimes | 3.98 | —0.03 |
| ICI Aust. | 2.15 | ... |
| Jimberlana F.P. | 0.30 | .. |
| Kia Ora Gold | 0.12 | —0.01 |
| Lend Lease | 6.3 | .. |
| MIM | 2.92 | —0.06 |
| Mayne Nickless | 3.62 | +0.12 |
| Meekatharra | 0.9 | —0.04 |
| Myer Emporium. | 1.77 | +0.01 |
| Nat. Aust. Bank | 3.54 | .... |
| News | 9.8 | .. |
| Nicholas Kiwi | 3.82 | —0.78 |
| North Bkn Hill. | 2.43 | +0.07 |
| Oakbridge | 0.82 | —0.07 |
| Otter Expl. | 0.45 | +0.05 |
| Pancont'l | 1.16 | —0.02 |
| Pioneer Conc. | 1.67 | +0.02 |
| Queensland Coal | 1.16 | +0.01 |
| Reckitt & Coln. | 2.9 | .. |
| Repco | 1.17 | —0.05 |
| Santos | 6.76 | —0.04 |
| Smith (Howard) | 3.9 | —0.05 |
| Southland Min'g. | 0.26 | —0.01 |
| Spargos Expl | 0.4 | ... |
| Thos. Natwide. | 1.88 | +0.06 |
| Tooth | 5.5 | —0.2 |
| Vamgas | 3.9 | —0.1 |
| Western Mining | 3.25 | —0.09 |
| Westpac Bank. | 3.82 | —0.01 |
| Woodside Petrol. | 1.22 | —0.05 |
| Woolworths | 2.64 | —0.02 |
| Wormald Intl | 2.98 | +0.03 |

## HONG KONG

| Oct. 8 | Price H.K.$ | + or — |
|---|---|---|
| Bank East Asia | 19.6 | —0.4 |
| Cheung Kong | 7.85 | —0.15 |
| China Light | 13.8 | +0.1 |
| Hang Lung Devel | 2.47 | .. ... |
| Hang Seng Bank. | 34.5 | ...... |
| HK Electric | 5.8 | ...... |
| HK Kowloon Wh. | 3.85 | ..... |
| HK Land | 2.92 | —0.10 |
| HK Shanghai Bk. | 6.55 | —0.15 |
| HK Telephone. | 43 | ...... |
| Hutchison Wpa. | 18.2 | —0.1 |
| Jardine Math. | 6.75 | —0.1 |
| New World Dev. | 3.57 | +0.02 |
| Orient O'seas. | 2.55 | +0.03 |
| Oseas Trust Bk. | 2.77 | .... |
| SHK Props. | 6.65 | —0.25 |
| Swire Pac A. | 17.8 | —0.3 |
| Wheel'k Mard A. | 3.3 | —0.05 |
| Wheel'k M'time. | 1.8 | —0.05 |
| World Int. Hldgs. | 2.15 | —0.07 |

## JAPAN

| Oct. 8 | Price Yen | + or — |
|---|---|---|
| Ajinomoto | 1,130 | —10 |
| Alps Electric | 2,370 | ...... |
| Amada | 1,380 | —10 |
| Asahi Chem | 525 | —7 |
| Asahi Glass | 840 | +3 |
| Bridgestone | 575 | +2 |
| Canon | 1,510 | +10 |
| Casio Comp | 1,600 | +40 |
| Chugai Pharm | 1,060 | —20 |
| Citizen | 594 | —1 |
| Daiei | 525 | —1 |
| Dai Nippon Ptg | 1,020 | —10 |
| Daiwa House | 500 | +6 |
| Ebara | 452 | —5 |
| Eisai | 1,290 | —30 |
| Fanuc | 12,090 | +160 |
| Fuji Bank | 1,050 | —20 |
| Fuji Film | 1,670 | +20 |
| Fujisawa | 1,050 | —10 |
| Fujitsu | 1,140 | —30 |
| Green Cross | 1,660 | +10 |
| Hasegawa | 585 | +2 |
| Heiwa Real Est | 547 | +4 |
| Hitachi | 869 | ...... |
| Hitachi Credit | 1,030 | —10 |
| Honda | 1,270 | —20 |
| House Food | 715 | ...... |
| Hoya | 2,460 | ...... |
| Itoh (C) | 280 | —3 |
| Ito. Yokado | 3,260 | —30 |
| Iwatsu | 2,280 | ...... |
| JACCS | 515 | ...... |
| JAL | 4,470 | —220 |
| Jusco | 1,050 | +5 |
| Kajima | 268 | —2 |
| Kao Soap | 782 | —7 |
| Kashiyama | 609 | +4 |
| Kirin | 623 | ...... |
| Kokuyo | 940 | +7 |
| Komatsu | 450 | ...... |
| Konishiroku | 595 | +5 |
| Kubota | 329 | ...... |
| Kumagai | 430 | ...... |
| Kyoto Ceramic | 7,180 | —110 |
| Maeda Const | 710 | ...... |
| Makino Milling | 1,480 | +20 |
| Makita | 1,400 | +10 |
| Marubeni | 300 | +5 |
| Marudai | 805 | ...... |
| Marui | 1,350 | ...... |
| MEI | 1,480 | ...... |
| M'ta Elec Works | 640 | —10 |
| M'bishi Bank | 900 | +70 |
| M'bishi Corp | 550 | ...... |
| M'bishi Elec | 419 | —2 |
| M'bishi Estate | 465 | —1 |

## JAPAN (continued)

| Oct. 8 | Price Yen | + or — |
|---|---|---|
| MHI | 231 | —1 |
| Mitsui Co | 320 | —2 |
| Mitsui Estate | 645 | —5 |
| Mitsukoshi | 350 | —1 |
| NGK Insulators | 856 | —29 |
| Nihon Cement | 200 | —5 |
| Nippon Denso | 1,500 | —10 |
| Nippon Elect | 1,280 | ...... |
| Nippon Express | 299 | —1 |
| Nippon Gakki | 1,350 | —30 |
| Nippon Kokan | 136 | —1 |
| Nippon Oil | 905 | —16 |
| Nippon Seiko | 584 | ...... |
| Nippon Shimpan | 520 | +2 |
| Nippon Steel | 146 | +1 |
| Nippon Suisan | 316 | +1 |
| NTV | 12,010 | ...... |
| Nippon Yusen | 250 | ...... |
| Nissan Motor | 699 | —1 |
| Nisshin Flour | 470 | ...... |
| Nisshin Steel | 158 | —1 |
| Nomura | 736 | —26 |
| Olympus | 1,100 | —10 |
| Orient Leasing | 3,650 | —80 |
| Pioneer | 2,410 | —70 |
| Renown | 620 | ...... |
| Ricoh | 771 | —5 |
| Sankyo | 898 | +10 |
| Sanyo Elect | 519 | ...... |
| Sapporo | 375 | ...... |
| Sekisui Prefab | 574 | —2 |
| Seven Eleven | 8,750 | ...... |
| Sharp | 1,140 | ...... |
| Shimadzu | 641 | ...... |
| Shionogi | 665 | —5 |
| Shiseido | 1,350 | —30 |
| Sony | 3,860 | ...... |
| Stanley | 1,010 | +10 |
| S'tmo Bank | 1,130 | ...... |
| S'tomo Elect | 909 | —2 |
| S'tomo Marine | 465 | —15 |
| S'tomo Metal | 149 | +1 |
| Taihei Dengyo | 437 | +1 |
| Taisei Corp | 196 | —3 |
| Taisho Pharm | 936 | +4 |
| Takeda | 775 | ...... |
| TDK | 5,370 | —30 |
| Teijin | 416 | —10 |
| Teikoku Oil | 711 | —1 |
| Tokyo Marine | 622 | —5 |
| TBS | 780 | —5 |
| Tokyo Elect Pwr | 1,140 | ...... |
| Tokyo Gas | 149 | ...... |
| Tokyo Sanyo | 739 | +2 |
| Tokyo Style | 720 | ...... |
| Tokyu Corp | 263 | +1 |
| Toppan Print | 857 | +1 |
| Toray | 418 | +3 |
| Toshiba Elect | 450 | —1 |
| TOTO | 590 | —1 |
| Toyo Seikan | 770 | —5 |
| Toyota Motor | 1,350 | ...... |
| Victor | 2,140 | —50 |
| Wacoal | 776 | —4 |
| Yamaha | 664 | ...... |
| Yamanouchi | 3,650 | —90 |
| Yamazaki | 613 | +3 |
| Yasuda Fire | 320 | —7 |
| Yokogawa Bdge. | 405 | ...... |

## SINGAPORE

| Oct. 8 | Price $ | + or — |
|---|---|---|
| Boustead Hldgs | 1.95 | —0.05 |
| Cold Storage | 2.96 | —0.18 |
| DBS | 7.75 | —0.05 |
| Fraser & Neave | 5.45 | —0.05 |
| Genting | 4.5 | ...... |
| Haw Par. Bros. | 2.11 | —0.01 |
| Inchcape Bhd | 2.32 | —0.05 |
| Keppel Shipyard | 2.79 | —0.15 |
| Malay Banking | 8.5 | —0.05 |
| Malay Brews | 6.85 | ...... |
| Multi Purpose | 1 | ...... |
| OCBC | 9.4 | ...... |
| OUB | 3.14 | —0.06 |
| Sime Darby | 2.45 | —0.08 |
| Straits S'ship | 1.16 | —0.02 |
| Straits Trdg | 4.38 | —0.12 |
| UOB | 4.54 | —0.02 |

## SOUTH AFRICA

| Oct. 8 | Price Rand | + or — |
|---|---|---|
| Abercom | 1.4 | +0.05 |
| AE&CI | 7.5 | ...... |
| Anglo Am Coal | 36.5 | —0.25 |
| Anglo Am Corp | 23.5 | —0.25 |
| Anglo Am Gold | 159 | —0.5 |
| Barclays Bank | 16.25 | —0.25 |
| Barlow Rand | 10.6 | —0.15 |
| Buffels | 61.5 | —0.75 |
| CNA Gallo | 1.7 | ...... |
| Currie Finance | 4.1 | ...... |
| De Beers | 8.7 | —0.15 |
| Driefontein | 50.75 | —0.25 |
| FS Geduld | 34.5 | —0.75 |
| Gold Fields SA | 28.75 | —0.7 |
| Highveld Steel | 5.4 | ...... |
| Nedbank | 11.75 | —0.25 |
| OK Bazaars | 17.5 | —0.5 |
| Protea Hldns | 4.3 | —0.05 |
| Rembrandt | 25 | ...... |
| Rennies | 12.75 | —0.15 |
| Rust Plat | 10.75 | —0.1 |
| Sage Hldgs | 5.5 | ...... |
| SA Brews | 8.5 | ...... |
| Smith CG | 16.05 | —0.05 |
| Tongaat Hulett | 7.0 | ...... |
| Unisec | 4.5 | ...... |

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

# OVER-THE-COUNTER *Nasdaq national market, closing prices*

| Stock | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|
| [illegible] | | | | | |

Continued on Page 46

## LONDON

### Chief price changes

(In pence unless otherwise indicated)

**RISES**

| | | |
|---|---|---|
| Tr 2pc i/l '90 | £90⅝ | +£1⅞ |
| Tr 2½ pc i/l '11 | £101½ | +£2¼ |
| Amec | 228 | +6 |
| Anchor Chem. | 188 | +13 |
| Arncliffe | 47 | +7 |
| Barclays Bank | 510 | +10 |
| Bass | 390 | +12 |
| Bestobell | 320 | +19 |
| Burndene Invs. | 19½ | +4½ |
| Burton | 315 | +12 |
| De La Rue | 720 | +25 |
| E. Lancs Paper | 71 | +5 |
| Fitzwilton | 52 | +6 |
| Hse. of Fraser | 288 | +10 |
| Land Secs | 300 | +7 |
| Pentland | 235 | +17 |
| SEET | 107 | +12 |
| TI | 192 | +8 |
| Ward White | 147 | +5 |
| Wiggins Group | 42 | +6 |
| Aran Energy | 54 | +6 |
| Atlantic Res. | 110 | +20 |
| Jackson Expl. | 83 | +5 |
| Cobra Emerald | 95 | +10 |

**FALLS**

| | | |
|---|---|---|
| Currys | 403 | —14 |
| Glaxo | 970 | —20 |
| Hambro Life | 420 | —10 |
| STC | 286 | —20 |
| Sovereign O&G | 240 | —15 |

# AMERICAN STOCK EXCHANGE CLOSING PRICES

| 12 Month High | Low | Stock | Div. | Yld | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |

Continued from Page 37

**Canadian stock markets were closed yesterday**

# Indices

## NEW YORK—DOW JONES

| | | | | | | |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

## New York Active Stocks

| | | |
|---|---|---|
| [illegible] | | |

| | | | | | |
|---|---|---|---|---|---|
| [illegible] | | | | | |

** Saturday October 6: Japan Nikkei-Dow 10,711.0. TSE 838.52.

# LONDON STOCK EXCHANGE

## MARKET REPORT

# Lower base rate hopes bolster markets again index-linked gilts surge higher

**Account Dealing Dates**
**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Oct 1 | Oct 11 | Oct 12 | Oct 22 |
| Oct 15 | Oct 25 | Oct 26 | Nov 5 |
| Oct 29 | Nov 8 | Nov 9 | Nov 19 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

Growing convictions that the clearing banks would shortly reduce base lending rates bolstered confidence yesterday in London stock markets. UK money markets continued last week's trend towards cheaper credit and, with sterling under little pressure against the dollar, hopes were high that the authorities would signal their approval for the move this week.

Owing to a large call on Treasury 10½ per cent Convertible 1992, the market in Government securities was technically short of funds. Conventional stocks still managed small improvements before buyers switched their interest to index-linked issues. As funds were raised to invest in the latter, conventional Gilts surrendered their gains and some eventually showed fractional losses on the day.

Stock shortages of index-linked issues soon became evident — the latest £100m tranche of Treasury 2 per cent index-linked 1990 ran out last Friday—and this accentuated the upsurge in prices. Another burst of buying enthusiasm developed in the late "after-hours" trade and left selected stocks with rises to 2½ points. Since the Bank of England's prediction last week that the UK rate of inflation would rise, index-linked Gilts have attracted considerable support.

Leading shares maintained a firm tone throughout, but most of the day's business was

to 485p with sentiment still unsettled by concern about its LBI subsidiary's trading performance. Elsewhere, Discount Houses turned distinctly dull. Union lost 15 to 725p and Cater Allen dropped 20 to 500p. Seccombe Marshall and Campion also fell 20 to 350p and Gerrard and National gave up 7 at 303p. In Hire Purchases, Baltic Leasing, which recently announced record annual profits, added 10 more at 245p.

Weekend Press comment resurrecting rumours of a bid from Allianz or the possible sale of its U.S. interests, made scant impression on Commercial Union which closed only 2 dearer at 196p. Adverse newspaper mention ahead of Thursday's interim results depressed Hambro Life, 10 down at 420p. Lloyds Brokers moved higher in places with Willis Faber, 935p, and PWS International, 330p, gaining 15 apiece.

Wates City of London Properties made a successful market debut, opening and closing at 104p compared with the offer-for-sale price of 100p. USM-newcomer Addison Communications, however, stole the limelight; expected to command only a small premium in first-time dealings, Addison opened some 20p above the placing price of 116p and moved steadily higher to touch 150p prior to closing at 149p. Another USM newcomer, Checkpoint Europe, which specialises in the distribution of electronic article surveillance systems, started at 245p and rose to 255p before settling at 250p.

Leading Breweries made fresh headway as investors continued to re-rate the sector. Bass again led the way, rising 12 to 390p, while gains of around 3 were noted in Whitbread "A," 173p, and Scottish and Newcastle,

## FINANCIAL TIMES STOCK INDICES

| | Oct. 8 | Oct. 5 | Oct. 4 | Oct. 3 | Oct. 2 | Oct. 1 | Year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 80.98 | 81.00 | 80.89 | 80.89 | 80.91 | 80.54 | 81.89 |
| Fixed Interest | 84.77 | 84.70 | 84.51 | 84.49 | 84.53 | 84.25 | 84.83 |
| Industrial Ord | 866.6 | 863.2 | 857.8 | 857.4 | 858.5 | 856.9 | 701.1 |
| Gold Mines | 561.8 | 575.9 | 578.0 | 580.5 | 558.6 | 560.6 | 570.9 |
| Ord. Div. Yield | 4.84 | 4.85 | 4.88 | 4.89 | 4.89 | 4.89 | 4.79 |
| Earnings, Yld.% (full) | 11.55 | 11.56 | 11.65 | 11.66 | 11.67 | 11.68 | 9.52 |
| P/E Ratio (net) (*) | 10.40 | 10.39 | 10.31 | 10.29 | 10.29 | 10.28 | 13.16 |
| Total bargains (Est.) | 18,220 | 18,176 | 18,611 | 18,840 | 23,350 | 19,137 | 19,987 |
| Equity turnover £m. | — | 303.75 | 261.54 | 252.12 | 265.07 | 196.79 | 171.32 |
| Equity bargains | — | 16,051 | 135,00 | 15,507 | 16,830 | 15,796 | 16,945 |
| Shares traded (ml) | — | 156.3 | 150.2 | 151.6 | 145.8 | 139.1 | 103.2 |

10 am 867.0. 11 am 866.4. Noon 866.6. 1 pm 867.2.
2 pm 867.2. 3 pm 866.6.

Basis 100 Govt. Secs. 15/2/28. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=9.98.

### HIGHS AND LOWS / S.E. ACTIVITY

| — | 1984 High | 1984 Low | Since Compilat'n High | Since Compilat'n Low | | Oct. 5 | Oct. 4 |
|---|---|---|---|---|---|---|---|
| Govt. Secs | 83.77 (9/1) | 75.72 (30/7) | 127.4 (9/1/35) | 49.48 (3/1/75) | Daily Gilt Edged Bargains | 151.9 | 156.1 |
| Fixed Int. | 87.48 (14/3) | 80.43 (30/7) | 150.4 (28/11/47) | 50.03 (3/1/75) | Equities Bargains | 104.0 | 99.1 |
| | | | | | Value | 613.9 | 528.6 |
| Ind. Ord. | 922.8 (5/5) | 755.3 (23/7) | 922.8 (3/5/84) | 49.4 (26/6/40) | 5-day Average Gilt Edged Bargains | 141.8 | 139.5 |
| Gold Mines | 711.7 (9/8) | 485.7 (1/8) | 734.7 (15/2/83) | 43.5 (26/10/71) | Equities Bargains | 101.7 | 106.4 |
| | | | | | Value | 517.1 | 519.2 |

## STC weak

## Sovereign Oil weak

## Golds lower

## Glaxo disappoints

A 37 per cent rise in Glaxo's annual profits was deemed disappointing — dealers were look-

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

## FIXED INTEREST

## EUROPEAN OPTIONS EXCHANGE

## RECENT ISSUES

### EQUITIES

### FIXED INTEREST STOCKS

### "RIGHTS" OFFERS

## NEW HIGHS AND LOWS FOR 1984

## OPTIONS

## FRIDAY'S ACTIVE STOCKS

## ACTIVE STOCKS

## RISES AND FALLS YESTERDAY

## LONDON TRADED OPTIONS

# FT LONDON SHARE INFORMATION SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1984 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 105½ | 101½ | Treas 15pc 1985 | 101 | −¼ | 14.79 | 10.45 |
| 102¾ | 100 | Exch 12pc Cnv. 85 | 100⅝ | −⅛ | 11.93 | 10.59 |
| 95¾ | 93 | Treas 3pc 1985 | 95 | − | 3.14 | 10.38 |
| 102⅝ | 99⅞ | Treas 11½pc 1985 | 100½ | − | 11.44 | 10.79 |
| 90¼ | 96 | Treas 8¼pc Cnv '85 | 98 | − | 3.90 | 10.72 |
| 104 | 99⅞ | Exch 12¼pc 1985 | 102 | − | 12.09 | 10.87 |
| 103 | 99 | Exch 11½pc '86 | 100 | −¼ | 11.04 | 10.92 |
| 102 | 96 | Treas 10pc Cnv 1986 | 98½xd | − | 10.15 | 11.12 |
| 91 | 88¼ | Treas 3pc 1986 | 90⅞ | − | 3.30 | 9.22 |
| 102 | 96¼ | Exch 10½pc Cv '86 | 98 | −¼ | 10.61 | 11.20 |
| 104 | 99 | Treas 12pc 1986 | 101 | − | 11.87 | 11.24 |
| 98⅝ | 93½ | Treas 8½pc 1984-86‡‡ | 96⅛ | − | 8.64 | 10.95 |
| 108 | 102 | Exch 14pc 1986 | 105xd | −⅛ | 13.33 | 11.23 |
| 87⅛ | 85 | Exch 2½pc 1986 | 86⅞ | − | 2.88 | 9.47 |
| 107 | 100 | Exch 13¼pc 1987 | 103 | − | 12.79 | 11.36 |
| 100⅞ | 94½ | Treas 10¼pc Cv '87 | 97 | −⅛ | 10.49 | 11.35 |
| 86 | 83½ | Exch 2½pc 1987 | 85⅝ | −⅛ | 2.92 | 9.17 |
| 101 | 94½ | Exch 10½pc 1987 | 98 | −⅛ | 10.69 | 11.36 |
| 92 | 87 | Funding 6½pc 85-87‡‡ | 90½xd | − | 7.21 | 11.06 |
| 99⅝ | 92⅞ | Treas 10pc 1987 | 96 | −⅛ | 10.37 | 11.56 |
| 85 | 81 | Treas 3pc 1987 | 83⅝ | − | 3.55 | 9.91 |
| 105 | 97¼ | Treas 12pc 1987 | 101¾xd | −⅛ | 11.84 | 11.48 |
| 94⅞ | 87 | Treas 7¾pc 1985-88‡‡ | 90⅞ | ... | 8.58 | 11.29 |
| 100⅝ | 92 | Exch 10½pc '88 | 97xd | − | 10.83 | 11.56 |
| 98 | 89 | Treas 9¼pc Cv 88 | 94 | −⅛ | 10.32 | 11.63 |
| 82 | 77 | Transport 3pc 78-88 | 78 | − | 3.84 | 10.26 |
| 96 | 88 | Treas 9½pc 88 | 93½xd | − | 10.20 | 11.69 |
| 106¾ | 94 | Treas 11½pc 1989 | 99 | − | 11.55 | 11.60 |
| 95 | 87 | Treas 9½pc Cnv '89 | 93¾xd | − | 10.13 | 11.31 |
| 96 | 90 | Treas 10½pc 1989 | 95 | −⅛ | 10.94 | 11.63 |
| 100 | 88⅞ | Exch 10pc 1989 | 94 | −⅛ | 10.63 | 11.63 |
| 98¼ | 94½ | Exch 11pc 1989 | 97 | − | 11.27 | 11.63 |

### Five to Fifteen Years

| 1984 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 85⅛ | 77½ | Treas 5pc 1986-89 | 79⅝xd | −⅛ | 6.27 | 10.28 |
| 112¾ | 100⅛ | Treas 13pc 1990‡‡ | 108¾ | +⅛ | 12.30 | 11.50 |
| 110⅞ | 100¾ | Exch 12½pc 1990 | 104⅛ | +⅛ | 12.07 | 11.61 |
| 93¼ | 84⅞ | Treas 8¼pc 1987-90‡‡ | 90⅝ | | 9.37 | 11.14 |
| 98 | 90⅝ | Treas 10pc Cv 1990 | 93½xd | +¼ | 10.69 | 11.51 |
| 107 | 94⅝ | Treas 11¾pc 1991 | 105⅝ | +¼ | 11.67 | 11.56 |
| 84⅛ | 75⅝ | Funding 5¾pc '87-91‡‡ | 79¼ | . | 7.26 | 10.22 |
| 105⅜ | 93⅞ | Exch 11pc 1991 | 97⅝xd | +¼ | 11.21 | 11.40 |
| 112⅝ | 98⅞ | Treas 12¾pc 1992‡‡ | 108½ | +⅛ | 12.06 | 11.54 |
| 100⅝ | 86 | Treas 10pc 1992 | 94¼ | +⅛ | 10.76 | 11.43 |
| 96 | 94 | Treas 10½pc Cv 1992 | 96 | ... | 10.99 | 11.38 |
| 111⅛ | 95⅛ | Exch 12¼pc '92 | 104¼ | +⅛ | 11.87 | 11.60 |
| 117½ | 106⅛ | Exch 13½pc 1992 | 110 | +¼ | 12.34 | 11.66 |
| 113⅜ | 96⅛ | Treas 12½pc 1993‡‡ | 108¼ | +⅛ | 11.87 | 11.51 |
| 78¾ | 71⅛ | Funding 6pc 1993‡‡ | 75¼ | .. | 8.02 | 10.38 |
| 121⅛ | 106⅜ | Treas 13¾pc 1993‡‡ | 117⅝ | +⅛ | 12.23 | 11.50 |
| 126¾ | 108¼ | Treas 14½pc 1994‡‡ | 119⅛ | +⅛ | 12.33 | 11.40 |
| 120⅝ | 106 | Exch 13½pc 1994 | 110⅝xd | +⅛ | 12.13 | 11.53 |
| 114⅛ | 96⅛ | Exch 12½pc 1994 | 107⅝ | +⅛ | 11.79 | 11.46 |
| 94½ | 82⅞ | Treas 9pc 1994‡‡ | 91⅛ | .. | 10.25 | 11.02 |
| 109¼ | 94⅞ | Treas 12pc 1995 | 106 | +⅛ | 11.59 | 11.39 |
| 64¼ | 58⅛ | Gas 3pc '90-95 | 62¼xd | | 4.83 | 8.45 |
| 99⅛ | 86 | Exch 10¼pc 1995 | 95⅛ | .. | 10.99 | 11.34 |
| 117⅞ | 102⅝ | Treas 12¾pc 1995‡‡ | 113⅞ | | 11.73 | 11.32 |
| 122⅝ | 106⅞ | Treas 14pc '96 | 118⅞ | +⅛ | 12.09 | 11.44 |
| 94⅛ | 83½ | Treas 9pc 1992-96‡‡ | 88⅛ | +¼ | 10.28 | 10.94 |
| 134⅞ | 118⅛ | Treas 15¼pc 1996‡‡ | 123¾xd | | 12.76 | 11.41 |
| 122⅛ | 106⅛ | Exch 13¼pc 1996‡‡ | 118⅛ | | 11.74 | 11.22 |
| 69½ | 63¼ | Redemption 3pc 1986-96 | 67¼ | . | 4.47 | 7.12 |
| 120 | 104½ | Treas 13¼pc 1997‡‡ | 116¼ | . | 11.69 | 11.20 |
| 104½ | 87⅝ | Exch 10½pc 1997 | 97⅝ | +⅛ | 10.91 | 11.05 |
| 92½ | 77½ | Treas 8¾pc 1997‡‡ | 86⅛ | ... | 10.27 | 10.91 |
| 134⅝ | 118⅛ | Exch. 15pc 1997 | 123¾xd | −⅛ | 12.09 | 11.41 |
| 95½ | 84½ | Exch. 9¾pc 1998 | 94⅛ | −⅛ | 10.61 | 10.90 |
| 78 | 68 | Treas 6¾pc 1995-98‡‡ | 72½xd | ... | 9.26 | 10.56 |
| 138⅝ | 123⅞ | Treas 15½pc '98‡‡ | 129¼ | −⅛ | 12.03 | 11.33 |
| 115 | 100⅛ | Exch 12pc 1998 | 111⅛ | −⅛ | 10.45 | 11.01 |
| 96 | 83⅞ | Treas 9½pc 1999‡‡ | 93⅛ | .. | 10.45 | 10.75 |
| 116⅛ | 104 | Exch 12¼pc 1999 | 109½ | −⅛ | 11.23 | 10.99 |
| 104½ | 91 | Treas. 10½pc 1999 | 101½ | . | 10.78 | 10.85 |

### Over Fifteen Years

| 1984 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 102½ | 89⅛ | Convers'n 10¼pc 1999 | 99½ | | 10.73 | 10.84 |
| 121½ | 106⅛ | Treas. 13pc 2000 | 118⅜ | −⅛ | 11.28 | 10.93 |
| 128½ | 112⅞ | Treas 14pc '98-01 | 124⅝ | −⅛ | 11.79 | 11.20 |
| 113⅛ | 98⅝ | Exch. 12pc '99-02 | 110½ | +⅛ | 11.12 | 10.88 |
| 98⅝ | 90 | Conv 10pc 2002 | 96½xd | .. | 10.37 | 10.45 |
| 126¾ | 110¾ | Treas. 13¾pc 2000-03 | 123⅞ | −⅛ | 11.36 | 10.92 |
| 114⅞ | 101½ | Treas. 11½pc 2001-04 | 107¾ | +⅛ | 10.74 | 10.58 |
| 50 | 43⅛ | Funding 3½pc '99-04 | 48⅜ | −¼ | 7.36 | 9.38 |
| 123⅝ | 107¾ | Treas. 12½pc 2003-05 | 120½ | −⅛ | 10.81 | 10.56 |
| 87⅛ | 76⅞ | Treas 8pc 2002-06‡‡ | 81⅞ | +⅛ | 9.78 | 10.07 |
| 115⅝ | 100 | Treas. 11¾pc 2003-07 | 112½ | −⅛ | 10.69 | 10.50 |
| 132¼ | 117⅝ | Treas. 13½pc '04-08 | 124½ | .... | 10.89 | 10.57 |
| 64⅞ | 56⅛ | Treas. 5½pc 2008-12‡‡ | 60⅝ | | 9.14 | 9.63 |
| 84⅛ | 72⅝ | Treas. 7¾pc 2012-15‡‡ | 81½ | +⅛ | 9.70 | 9.83 |
| 124½ | 108⅞ | Exch. 12pc '13-'17 | 121⅝ | −⅛ | 10.22 | 10.12 |

### Undated

| 1984 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 40⅞ | 35⅞ | Consols 4pc | 40⅛ | . | 10.16 | — |
| 37⅜ | 32½ | War Loan 3½pc‡‡ | 36½ | . | 9.96 | — |
| 44⅞ | 40½ | Conv. 3½pc '61 Aft. | 42¼ | +¼ | 8.30 | — |
| 31⅝ | 27⅜ | Treas. 3pc '66 Aft | 29¾xd | .. | 10.22 | — |
| 25¾ | 22¼ | Consols 2½pc | 24⅞xd | .. | 10.08 | — |
| 26 | 23 | Treas. 2½pc | 24¼ | .... | 10.12 | — |

### Index-Linked

| 1984 High | Low | Stock | (b) | Price £ | + or − | (1) | (2) |
|---|---|---|---|---|---|---|---|
| 106½ | 101 | Treas. 2pc '88 | (297.1) | 106½ | +1⅝ | 3.77 | 4.71 |
| 91⅛ | 85 | Do. 2pc '90 | (333.9) | 90¼ | +1⅞ | 4.15 | 4.78 |
| 106½ | 98⅜ | Do. 2pc '96 | (267.9) | 105½ | +2⅛ | 3.67 | 3.97 |
| 97⅝ | 88⅝ | Do. 2½pc '01 | (308.8) | 96¼ | +2½ | 3.45 | 3.68 |
| 97 | 87⅞ | Do. 2½pc '03 | (310.7) | 97 | +2½ | 3.33 | 3.54 |
| 99⅞ | 90¼ | Do. 2pc '06 | (274.1) | 99½ | +2½ | 3.24 | 3.43 |
| 96⅜ | 87⅞ | Do. 2½pc '09 | (310.7) | 96⅜ | +2½ | 3.20 | 3.37 |
| 102⅞ | 91⅝ | Do. 2½pc '11 | (294.1) | 101½ | +2¾ | 3.16 | 3.33 |
| 92½ | 82⅜ | Do. 2½pc '16 | (322.0) | 92½ | +2½ | 3.11 | 3.26 |
| 92 | 81⅛ | Do. 2½pc '20 | (327.3) | 89⅞xd | +2⅛ | 3.09 | 3.23 |

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for Jan., 1983: 342.6 and for August, 1984: 354.8.

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

| 1984 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 92⅛ | 82⅝ | Asian Dev Bk 10⅛pc Ln 2009 | 90¼ | +¼ | 11.35 | 11.43 |
| 120½ | 105¼ | Australia 13½pc 2010 | 118½ | +½ | 11.66 | 11.55 |
| 104¼ | 93⅜ | Do. 11⅛pc Ln 2015 | 99¼xd | +⅛ | 11.40 | 11.40 |
| 101½ | 91¾ | Euro Inv Bk 11pc Ln 2002 | 97¾ | . | 11.31 | 11.35 |
| 108⅞ | 102⅞ | Finland 14½pc Ln 1986 | 104⅞ | +⅛ | 13.93 | 11.07 |
| 110⅛ | 95⅜ | Int Am Dev Bk 12½pc 2003 | 108⅜ | +¼ | 11.84 | 11.74 |
| 106⅝ | 101½ | Int. Bank 13½pc 1986 | 103¼ | .. | 13.04 | 11.17 |
| 109⅝ | 102⅞ | Do. 14pc Ln 1987 | 105⅝ | +½ | 13.25 | 11.33 |
| 104⅛ | 97⅛ | Mysia 12¼pc Ln '08 | 101¼ | .. | 12.08 | 11.79 |

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

## LOANS

### Building Societies

### Public Board and Ind.

### Financial

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS, HP & LEASING

### Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BEERS, WINES—Cont.

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY & STORES—Cont.

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## HOTELS—Continued

## INDUSTRIALS (Miscel.)

هكذا من الأصل



## INDUSTRIALS—Continued

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 46 | 29 | Marshall L'ty. 'A' | 34xd | ..... | †1.2 | 3.6 | 5.0 | (6.1) |
| *54 | 37 | Marshall's Univ | 48 | ..... | N1.75 | — | 5.2 | 14.4 |
| 87 | 77 | Do. 7½pc Cn Red Pf £1 | 82 | ..... | 7½% | — | 13.1 | — |
| 30 | 20 | Martin-Black | 22 | ..... | — | — | — | — |
| £188 | £88 | Matthesons 7¾% | £95 | ..... | Q7¾% | 2.3 | (8.2) | — |
| 378 | 287 | Metal Box £1 | 338 | +4 | 15.0 | 3.0 | 6.3 | 5.7 |
| 220 | 129 | Metal Closures | 148 | ..... | 6.3 | 2.3 | 6.1 | (8.2) |
| 22 | 13 | Metal Sciences 2½p | 14 | −1 | — | — | — | — |
| 19 | 8 | Metamet Jewllque | 9½ | −½ | 0.01 | — | — | — |
| 133 | 83 | Midland Marts | 107 | ..... | 4.0 | 1.8 | 5.3 | 13.5 |
| 67 | 45 | Mitchell Cotts | 67 | ..... | 4.0 | ϕ | 8.9 | ϕ |
| 29 | 13 | Moben Grp 1p | 14 | ..... | ‡‡0.5 | 2.5 | 5.1 | (8.8) |
| 168 | 132 | Morgan Crucible | 151 | +1 | †7.5 | 1.2 | 7.3 | (14.9) |
| 18½ | 13½ | Morris (Wl) Fine Arts | 16½ | ..... | bg0.25 | 4.0 | 2.2 | 15.1 |
| 97 | 80 | Moss (Robt.) 10p | 96 | ..... | 2.5 | 2.9 | 3.7 | 11.6 |
| 330 | 197 | MMW Computers | 290 | +3 | 6.0 | 3.0 | 3.0 | 16.0 |
| 45 | 43 | Nash Inds. | 45 | ..... | 4.0 | 2.2 | 12.7 | 5.2 |
| 47 | 30 | Neill & Spencer 10p | 33 | ..... | — | — | — | 14.2 |
| 33 | 16 | Newman Indusis | 17 | −1 | — | — | — | (9.6) |
| 31 | 16½ | Do. 10pc Cn. Cm Pf. | 19 | ..... | 10% | — | 7.5 | — |
| 67 | 43 | Nolton | 43 | ..... | 1.0 | 2.9 | 3.3 | 15.1 |
| 175 | 132 | Norcros | 168 | ..... | 7.5 | 2.4 | 6.4 | 8.9 |
| 66 | 58 | Nu-Swift 5p | 58 | ..... | — | — | — | 11.3 |
| 100 | 50 | Oakwood Grp. | 70 | ..... | ‡‡6.9 | — | ‡ | — |
| 190 | 145 | Office & Elect. | 165 | ..... | 7.5 | 2.8 | 6.5 | 7.4 |
| 875 | 700 | Oriflame Intl SA | 750xd | ..... | †Q53c | 2.2 | 5.6 | 8.2 |
| 46 | 22 | Ovenstone 12½c | 23 | ..... | Q4.5c | 2.2 | 10.1 | 4.5 |
| £146 | £120 | Ozalid Fin. Cv. | £142 | ..... | Q9% | — | 6.5 | — |
| 190 | 150 | PCT Grp 10p | 155 | ..... | bg4.8 | ϕ | 4.3 | ϕ |
| £12½ | 975 | PLM 'B' Sk 25 | 975 | ..... | Q20% | 3.2 | 4.7 | 6.6 |
| 62 | 40 | Pacific Sales 10p | 42 | +2 | b2.4 | 2.2 | 8.2 | (6.3) |
| 207 | 148 | Parker Knoll 'A' | 151xd | ..... | 9.0 | ϕ | 8.5 | ϕ |
| 265 | 197 | Pauls | 225 | ..... | 8.5 | 2.8 | 5.4 | 8.2 |
| 590 | 403 | Pearson | 548 | ..... | †14.0 | 3.0 | 3.6 | 10.9 |
| 35 | 20 | Peek Holdings | 21 | ..... | — | — | — | — |
| 107 | 89 | Peerless | 90 | ..... | 6.3 | 1.4 | 10.0 | 9.2 |
| 235 | 56 | Pentland 10p | 235 | +17 | †h1.74 | 4.1 | 1.1 | 25.0 |

## LEISURE—Continued

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 46 | 9 | Nimslo Intl 20c | 32 | +1 | — | — | — | — |
| *137 | 104 | Norton Opax 10p | 120 | ..... | Gd3.0 | 2.6 | 3.6 | 15.8 |
| 31½ | 14½ | Owners Abroad | 18 | ..... | 0.75 | 6.1 | 6.0 | 3.2 |
| 66 | 35 | Photax (Lon.) | 39 | ..... | — | — | — | — |
| 29½ | 20 | P'tilly Radio NV 5p | 24 | ..... | b1.88 | 1.0 | 11.2 | 12.3 |
| 130 | 73 | Pineapple Dnc St 10p | 93 | +3 | d1.5 | 4.0 | 2.3 | 11.8 |
| 420 | 285 | Pleasurama 5p | 338 | ..... | 6.5 | 4.7 | 2.7 | 11.0 |
| 16 | 10¾ | Pres Entertain 10p | 15¼ | ..... | bg0.4 | 2.0 | 3.6 | 20.0 |
| 158 | 73 | Radio City 'A' NV | 75 | ..... | 5.6 | 1.9 | 10.7 | 6.9 |
| 70 | 55 | Radio Clyde N/V | 55 | ..... | 3.0 | 1.4 | 7.8 | 12.8 |
| 148 | 48 | Riley Leisure 10p | 48 | ..... | ‡4.2 | 2.4 | ‡ | 3.9 |
| 138 | 94 | Saga Hols. 20p | 136 | ..... | †3.75 | 1.6 | 3.9 | 22.8 |
| 650 | 290 | Samuelson Grp £1 | 650xd | +10 | 13.3 | ϕ | 2.9 | ϕ |
| 27½ | 18 | Sangers Photo 10p | 19 | +1 | bg1.25 | 1.8 | 9.4 | 8.6 |
| 178 | 98 | Scott. TV 'A' 10p | 178 | ..... | 8.1 | 2.9 | 6.5 | 8.3 |
| 413 | 186 | SeaCo Inc $0.125 | 313 | +1 | — | — | — | — |
| 35 | 12 | Select TV 10p | 23 | ..... | — | — | — | — |
| 140 | 112 | Spectrum 5p | 125 | ..... | b2.0 | 4.2 | 2.3 | 14.8 |
| 37 | 24 | TSW 5p | 31 | ..... | 1.2 | 2.2 | 5.5 | 12.0 |
| 156 | 79 | TVS N/Vtg 10p. | 155 | −1 | 15.0 | ϕ | 4.7 | ϕ |
| 30 | 22 | Television Svcs. 10p | 26½ | ..... | 90.2 | 3.7 | 1.1 | 36.3 |
| 90 | 60 | Tottenham Hotspur | 69 | ..... | d2.3 | 1.6 | 8.6 | (6.2) |
| 161 | 120 | Trid'nt TV 'A' 10p | 151 | ..... | †5.5 | 1.8 | 5.2 | 14.9 |
| 173 | 100 | 21st Century Dist | 161 | ..... | — | — | — | — |
| 197 | 135 | Tyne Tees TV 'A' £1 | 150 | ..... | 8.25 | 2.4 | 7.9 | 7.7 |
| 91 | 53½ | Ulster TV N/V 'A' | 91 | ..... | h4.0 | 2.5 | 6.3 | 8.5 |
| 28 | 17 | Webb (Jos.) 5p | 27 | ..... | d0.51 | 1.0 | 2.7 | 53.6 |
| 98 | 88 | Zetters 5p | 92 | −1 | 3.25 | ϕ | 5.0 | ϕ |

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 76 | 33 | BL 50p | 42 | +2 | — | — | — | — |
| 255 | 227 | Gen. Mts. Units | 227 | ..... | Q12c | — | 3.7 | — |
| 464 | 294 | Honda Motor Y50 | 415 | +1 | Q23% | 8.6 | 0.8 | 13.7 |
| 197 | 170 | Jaguar | 195 | −2 | b7.75 | 2.8 | 5.9 | 7.8 |
| 85 | 54 | Lotus Car 10p | 54 | ..... | — | — | — | (27.3) |



## MINES—Continued

### Central African

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 280 | 145 | Falcon Z$0c | 150 | −30 | Q100c | ϕ | 38.9 |
| 17 | 8 | Wankie Col. Z$1 | 10 | +2 | — | — | — |
| 21 | 14 | Zam Cpr SBD0.24 | 16 | ..... | — | — | — |

### Australians

## OPTIONS — 3-month call rates

| Industrials | p | | | | |
|---|---|---|---|---|---|
| Allied-Lyons | 25 | Hawker Sidd | 38 | Vickers | 14 |
| BOC Grp | 27 | Hse of Fraser | 26 | Woolworth Hldg | 50 |
| BSR | 26 | ICI | 42 | | |
| Babcock | 17 | 'Imps' | 12 | **Property** | |
| Barclays Bank | 45 | ICL | 7½ | Brit Land | 11 |
| Beecham | 32 | Ladbroke | 23 | Cap Counties | 16 |
| Blue Circle | 40 | Legal & Gen | 45 | Land Secs | 25 |
| Boots | 16 | Lex Service | 40 | MEPC | 25 |
| Bowaters | 25 | Lloyds Bank | 50 | Peachey | 17 |
| Brit Aerospace | 20 | 'Lofs' | 3 | Samuel Props | 12 |
| BAT | 15 | Lucas Inds | 18 | Sterling Guar | 4 |
| Brown (J.) | 3 | 'Mams' | 14 | | |
| Burton Ord | 22 | Marks & Spcr | 20 | **Oils** | |
| Cadburys | 11 | Midland Bk | 36 | Brit. Oil & Min | 9 |
| Comm Union | 16 | NEI | 10 | Brit Petroleum | 35 |
| Courtaulds | 11 | Nat West Bk | 60 | Burmah Oil | 17 |
| Debenhams | 14 | P & O Dfd | 25 | Charterhall | 9 |
| Distillers | 22 | Plessey | 20 | Premier | 6 |
| Dunlop | 5 | Racal Elect | 18 | Shell | 55 |
| FNFC | 6¼ | RHM | 8 | Tricentrol | 20 |
| Gen Accident | 42 | Rank Org Ord | 24 | Ultramar | 60 |
| Gen Electric | 16 | Reed Intnl | 40 | | |
| Glaxo | 70 | Sears | 8 | **Mines** | |
| Grand Met | 30 | TI | 22 | Charter Cons | 24 |
| GUS 'A' | 65 | Tesco | 16 | Cons Gold | 58 |
| Guardian | 50 | Thorn EMI | 55 | Lonrho | 12 |
| GKN | 20 | Trust Houses | 18 | Rio T Zinc | 60 |
| Hanson Tst | 17 | Turner Newall | 10 | | |
| | | Unilever | 75 | | |

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 41

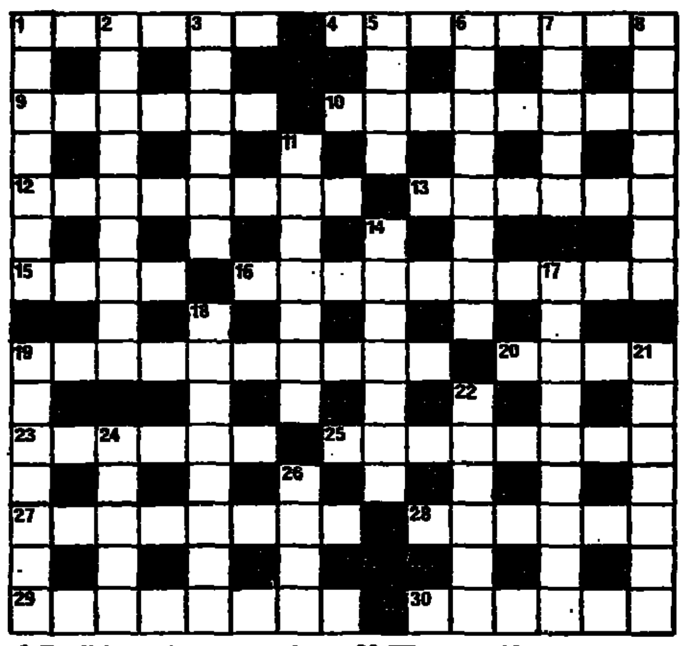
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

# AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

# INSURANCES

## F.T. CROSSWORD PUZZLE No. 5,538



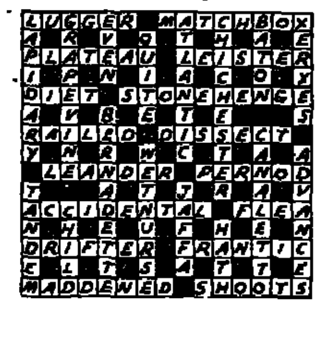
### ACROSS

1 Cuts down the boundaries (6)
4 Divert attention of underworld leader with a short discourse (8)
9 Take neither route for a European destination (6)
10 Pneumatic pressure? (3, 5)
12 A pinhole might reveal the furthest orbital point from the sun (8)
13 Decomposed perch found in ebbing river (6)
15 This cheese is made in an unusual way (4)
16 How smoothly matters proceed at the Lido! (10)
19 Regret road has broken up and is getting worse (10)
20 Make a fruitful appointment (4)
23 Unauthorised 3.14159
25 Operators at the Exchange watch the mark (5-3)
27 Was honest and got straightened out (8)
28 Part of the body politic in eastern country (6)
29 Lamb-like, but a trier (8)
30 How a brigand will secure his booty? (6)

### DOWN

1 Merchandise takes a long time to establish a pedigree (7)
2 Military review scheduled for April? (5, 4)
3 Drops behind the tracks (6)
5 One sister supports Oxford rowing (4)
6 Welsh Guard bars the way astern (8)
7 Get an excellent colour from being out in the open (5)
8 Traditional time for children to be graceful (7)
11 Dispatch to the front (7)
14 Part of the opera made us invoke Mozart's name (7)
17 A cemetery is a sombre place (9)
18 Put salmon before friend, fatally (8)
19 Engineers take a beating in defeat (7)
21 The day before the holiday came to a peak (7)
22 A psalm to stir the blood (6)
24 Meanders about in the groves of Academe (5)
26 Where untidy eaters gather together? (4)

### Solution to Puzzle No. 5,537



هكذا من الأصل



# INSURANCE, OVERSEAS & MONEY FUNDS

**Liberty Life Assurance Co Ltd**
Station Rd, New Barnet. 01-440 8210
Fund Managers: Touche Remnant & Co.

| | | | | |
|---|---|---|---|---|
| Sel Ser A | 25.0 | 26.4 | ..... | — |
| Blue Chip | 20.2 | 21.3 | ..... | — |
| Fixed Yield | 18.8 | 19.8 | ..... | — |
| Guaranteed Mny | 15.7 | 16.6 | ..... | — |
| Managed | 18.4 | 19.9 | ..... | — |
| International | 25.1 | 26.5 | ..... | — |
| Property | 15.3 | 16.2 | ..... | — |
| Pacific | 19.7 | 20.8 | ..... | — |
| Equity | 15.0 | 15.8 | ..... | — |
| Special Sits | 22.9 | 24.1 | ..... | — |
| Int Currency | 13.6 | 14.4 | ..... | — |
| Index-Linked Secs | 10.7 | 11.3 | ..... | — |
| American | 19.4 | 20.5 | ..... | — |

**National Provident Institution**
48, Gracechurch St, EC3P 3HH. 01-623 4200

| | | | | |
|---|---|---|---|---|
| Managed | 183.2 | 192.9 | +0.4 | — |
| UK Equity | 195.7 | 206.1 | +0.2 | — |
| Overseas Eq | 186.5 | 196.4 | +2.5 | — |
| American | 187.8 | 197.7 | +0.9 | — |
| Far East | 175.0 | 184.3 | −0.4 | — |
| Property | 110.8 | 116.7 | | — |
| Fixed Int | 157.7 | 166.0 | +0.2 | — |
| Indexed Gilt | 100.2 | 105.5 | +0.3 | — |
| Deposit | 112.1 | 118.1 | ..... | — |

**Pension Fund Prices**

| | | | | |
|---|---|---|---|---|
| Man. Initial | 182.3 | 191.9 | +0.1 | — |
| Man. Acc. | 201.0 | 211.6 | +0.2 | — |
| UK Eq. Initial | 183.4 | 191.8 | +0.1 | — |
| UK Eq. | 199.2 | 209.7 | +0.2 | — |
| Overseas Eq. Initial | 203.8 | 214.6 | +0.3 | — |
| Overseas Eq. | 232.2 | 244.5 | +0.3 | — |

## OFFSHORE AND OVERSEAS

**World Wide Growth Management**
10a, Boulevard Royal, Luxembourg

| | | | | |
|---|---|---|---|---|
| Worldwide Gth Fd | $11.64 | — | −0.03 | — |

Inv. Adv. M. & G. Inv. Mngt., Ltd., London.

**Wren Commodity Management Ltd.**
10, St George's St, Douglas IoM. 0624 25015

| | | | | |
|---|---|---|---|---|
| Wren Com Fund | 13.0 | 13.6 | ..... | 3.10 |
| Chinese Fund | 59.8 | 62.3 | ..... | 1.70 |
| Precious Metal Fund | 123.2 | 128.2 | ..... | 8.30 |
| Vanguard Cmdy Fd | 25.9 | 26.0 | ..... | 2.26 |
| Financial Futures Fd | 40.1 | 41.8 | ..... | — |

**Yamaichi Dynamic Mngt Co SA**
10A Boulevard Royal, Luxembourg

| | | | | |
|---|---|---|---|---|
| Dynamic Gwth Fd | $9.71 | — | +0.09 | — |

## Money Market Trust Funds

| | Nom | Apr | Int Cr | Notice |
|---|---|---|---|---|
| **Mallinhall Ltd** | | | | |
| 36 Berkeley Sq, W1X 5DA. 01-499 6634 | | | | |
| M'hall Mny Fd | 9.88 | 10.27 | Qtrl | Call |
| **The Money Market Trust** | | | | |
| 63 Qn Victoria St, EC4N 4ST. 01-236 0952 | | | | |
| Call Fnd | 10.50 | 10.85 | ..... | Call |
| 7 day Fnd | 10.51 | 10.86 | ..... | 7-day |
| **Oppenheimer Money Management Ltd** | | | | |
| 66 Cannon St, EC4N 6AE. 01-236 1425 | | | | |
| Call Fnd | 10.51 | 10.86 | 6-mth | Call |
| 7 day Fund | 10.44 | 10.71 | 6-mth | 7-day |
| Money Mngt Acct | 10.25 | 10.65 | 3-mth | Call |
| Dollar | 9.06 | 9.26 | 6-mth | 2-day |

## Money Market Bank Accounts

| | Nom | APR | Int Cr | Notice |
|---|---|---|---|---|
| **Aitken Hume** | | | | |
| 30 City Road, EC1Y 2AY. 01-638 6070 | | | | |
| Treasury Acc | 10.375 | 10.78 | Qtrl | Call |
| Monthly Inc Chq Acc | 10.25 | 10.74 | Mthl | Call |
| **Bank of Scotland** | | | | |
| 38 Threadneedle St, EC2P 2EH. 01-628 8060 | | | | |
| Cheque Acc | 10.10 | 10.58 | Mthl | Call |
| **Barclays Prime Account** | | | | |
| PO Box 125, Northampton 0604 252891 | | | | |
| High Int Cheque | 10.25 | 10.65 | Qtrl | Call |
| **Britannia Grp of Investment Companies** | | | | |
| 29 Finsbury Circus, EC2M 5QL. 01-588 2777 | | | | |
| Cater Allen | 10.375 | 10.883 | Mthl | Call |
| **Charterhouse Japhet plc** | | | | |
| 1 Paternoster Row, EC4M 7DH. 01-248 3999 | | | | |
| Sterling | 10.25 | 10.75 | Mthl | Call |
| U S Dollar | 10.50 | 11.17 | Mthl | Call |
| German Marks | 5.0 | 5.19 | Mthl | Call |
| Swiss Francs | 2.0 | 2.05 | Mthl | Call |
| Japanese Yen | 6.0 | 6.25 | Mthl | Call |
| **Chesfartons** | | | | |
| 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011 | | | | |
| Cheque Acc | 10.75 | 11.30 | Mthl | Call |
| **Co-operative Bank** | | | | |
| 78-80 Cornhill EC3 01-626 6543 Ex 464 | | | | |
| Cheque & Save | 8.50 | 8.77 | Qtrl | Call |
| Over £1,000 | 10.00 | 10.38 | Qtrl | Call |
| **Dartington & Co Ltd** | | | | |
| Dartington, Totnes, Devon TQ9 6JE. 0803 862271 | | | | |
| Money Mkt Acc | 10.25 | 10.66 | Qtrl | Call |
| **Lombard North Central PLC** | | | | |
| 17 Bruton St, W1A 3DH. 01-409 3434 | | | | |
| Notice Dep | 10.625 | 10.91 | Rand | 14-day |
| **M & G/Kleinwort Benson** | | | | |
| 91-99 New London Rd, Chelmsford. 0245 51651 | | | | |
| High Int Cheque Acc | 10.30 | 10.85 | Daily | Call |
| **Midland Bank plc** | | | | |
| PO Box 2, Sheffield. 0742 20999 Ext 8738 | | | | |
| High Int Chq | 10.00 | 10.38 | Qtrl | Call |
| **Save & Prosper/Robert Fleming** | | | | |
| 28 Western Rd, Romford RM1 3LB 0708 66966 | | | | |
| High Int Std Acc | 9.71 | 10.20 | Daily | Call |
| Premier Acc | 9.71 | 10.20 | Daily | Call |
| **Tyndall & Co** | | | | |
| 29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241 | | | | |
| Demand Acc | 10.28 | 10.68 | Qtrl | Call |
| Money Acc | 10.25 | 10.65 | Qtrl | Chq 7 |
| **J. Henry Schroder Wagg & Co Ltd** | | | | |
| Enterprise House, Portsmouth 0705 827733 | | | | |
| Special Acc | 10.15 | 10.65 | Mthl | Call |
| Over £10,000 | 10.40 | 10.92 | Mthl | Call |

NOTES Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

### NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ф Yield column shows annualised rates of NAV increase.

# COMMODITIES AND AGRICULTURE

## Tin prices rise strongly on London metal exchange

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES rose strongly on the London Metal Exchange yesterday more than recouping last week's losses. The standard grade cash price closed £137.5 up at £9,510 a tonne. The upward trend was encouraged by the sharp decline in LME warehouse stocks last week.

An official denial that Malaysia intends to devalue helped the market recover with the aid of support buying by the International Tin Council buffer stock which met little selling resistance. The upward trend was encouraged by the sharp decline in LME warehouse tin stocks last week.

However, lead failed to respond to a big drop in stocks. Aluminium lost ground on forecasts are based on using an Primary Aluminium Institute figures released tomorrow would show another rise in world stocks, although LME warehouse holdings continue to fall, albeit slowly.

Meanwhile a combination of low stocks and a weaker dollar is forecast to push metal prices higher in the coming year, according to the latest issue of Metal and Economic Trends, published by Amalgamated Metal Trading.

The report takes a generally bullish view, predicting a

| LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes in week ending Oct. 5) | |
|---|---|
| Aluminium | −400 to 141,500 |
| Copper | +725 to 160,300 |
| Lead | −4,300 to 50,025 |
| Nickel | −1,242 to 15,522 |
| Tin | −770 to 25,720 |
| Zinc | −1,225 to 39,250 |
| | (tonnes) |
| Silver | +710,000 to 54,016,000 |
| | (ounces) |

decline in the value of the dollar by the end of the year and a resurgence of price inflation in 1985-86.

Of all the metals only tin's prices are expected to decline next year, though only a modest rise is seen for lead. Price forecasts based on using an exchange rate of $1.35 to the pound sterling for 1984 year-end and $1.50 for 1985.

Aluminium prices are forecast to reach 55 cents a pound (£898 a tonne) by the end of this year and rise to an average 65 cents (£955 a tonne) in 1985.

Western world primary consumption is expected to rise by 2.2 per cent to 12.64m tonnes while production declines by 1.9 per cent to 12.4m tonnes.

Copper values are expected to rise sharply next year to an average 75 cents a pound (£1,102 a tonne) after reaching 70 cents (£1,143) by the end of this year.

The combination of lower refinery production this year, higher consumption and large shipments to China will result in a substantial fall in western world stocks by mid-next year it suggests a squeeze on nearby supplies is quite possible.

Zinc prices are predicted to jump to an average 48 cents a pound (£705 a tonne) next year and nickel to $2.30 (£3,380).

● Premiums paid for refined copper, supplied under annual contracts with consumers, should rise to about £100 a tonne if they were to reflect market conditions accurately, Mr James Mapoma, chairman of the Metal Marketing Corporation of Zambia (Memaco), said yesterday.

Addressing a conference in London on the marketing of copper, he said current premiums, of about £15 above LME price quotations, were not significant for consumers.

Member companies from Cipec (Council of Copper Exporting Countries) are due to meet today to try to agree among themselves on a common position on what premiums to seek in next year's supply contracts.

## Cocoa futures move up sharply

By Richard Mooney

COCOA PRICES moved up sharply on the London futures market yesterday, helped by a relatively bullish crop forecast from a French trade house. The December position ended the day £32 up at £1,891 a tonne.

Merkuria SA, a subsidiary of Sucres et Denrees, estimated that world cocoa-bean supply and demand would be about in balance in the 1984-85 season. This follows last week's forecast by Gill & Duffus, the London merchants, of a small surplus.

The rise was also encouraged by a prediction from the Ivory Coast agriculture minister that his country's crop would be down 15 to 20 per cent from the 1983-84 total because excessive rain had caused widespread pod rot. Merkuria's report put the Ivory Coast 1984-85 crop at 430,000 tonnes to 480,000 tonnes, up from 400,000 tonnes in 1983-1984.

In Geneva, meanwhile, a UN conference seeking to negotiate an agreement governing international trade in cocoa resumed amid renewed friction between producing and consuming nations, reports Reuter.

Nine major cocoa producers preparing at the week-end for the Geneva talks indicated they would press for higher world prices under the pact.

They also said they were worried by a European consumer proposal to increase the use of cocoa substitutes in chocolate.

The current International Cocoa Agreement was due to expire at the end of last month but was extended until the end of next September after producers and consumers failed at an earlier session to agree on a new system for regulating prices and supplies.

## Ireland plans to retake some of lost butter market in UK

BY BRENDAN KEENAN IN DUBLIN

THE IRISH are planning to recapture some of the share of the UK butter market which they have lost since 1978. While British dairy-farmers bemoan the EEC production cuts, the Irish, with their permitted 4.6 per cent increase, see themselves in a position to fill the gap.

The Irish aim is to increase sales of branded Kerrygold butter from the present 21,000 tonnes to 30,000 tonnes in the next two years.

Bord Bainne, Ireland's marketing organisation for dairy products, blames the dual pricing system operated by the Milk Marketing Board for almost forcing it out of the UK market since 1978.

The dual pricing system ended in April after the EEC ruled against it. The Irish are claiming at least £10m in damages. A full hearing of the case is expected to begin next year.

The improved price position also coincides with the production quotas which will reduce UK production by an estimated 50,000 tonnes this year.

Other traditional suppliers, such as the Danes and Dutch, are subject to production cuts and New Zealand import quotas are slightly down.

Bord Bainne believes UK retailers may find themselves short of supplies and are anxious to let them know that the Irish are in a position to fill the gap.

Mr Brian Joyce, Bord Bainne's managing director, thinks UK production may fall by even more than 50,000 tonnes.

He cites the cost-price squeeze now facing British farmers, with higher dollar prices for feed being compounded by tighter controls on agricultural prices in Brussels.

Mr Joyce is cautious about looking beyond the next two years to the prospects of restoring butter sales to the 47,000 tonnes recorded in 1978.

In his view there is too much uncertainty about future EEC quotas and New Zealand imports. "It is possible that we could get back to previous levels if conditions remain favourable," he says.

The Irish defend themselves against charges that they are exploiting their advantageous production quotas by pointing to the republic's worsening trade gap with the UK.

The total trade deficit widened from I£400m (£328m) in 1978 to I£1bn last year. In the same period Ireland's trade surplus with Britain in food and beverage products declined from I£424m to I£333m.

Bord Bainne sees itself as mainly a seller of commodities such as butter, cheese and skimmed milk, as the only products which require sufficiently large quantities of milk.

It is developing a range of dairy-based products and plans to launch the first of these on the UK market shortly. This is a butter and vegetable fat mixture, similar to the Milk Marketing Board's Flora brand, to be sold as Meadowcup. Results from test-marketing in Lancashire are said to be encouraging.

Bord Bainne already has a major share of the fruit-juice market in Britain through Adams Foods, its subsidiary.

This was purely a distributor of butter when acquired by the Bord in 1972 but has been developed since into a manufacturer and distributor of a range of products, with sales of £170m last year.

The costs of developing and launching the new products are supposed to be met from a development fund which would raise I£5m a year from Irish producers.

The launch of the fund has been delayed in the hope that Irish dairy-farmers' own financial position will improve after the next round of agricultural price increases.

## W. German aid urged for tree protection

THE Forestry Commission was urged yesterday to seek expert help from West Germany in its fight to combat acid rain damage to trees in Scotland and Northern England.

Friends of the Earth, the environmental lobby, said the Commission had now admitted that tree damage was severe, widespread and of a new type not seen before in Britain. It said the commission had also commented that the damage was remarkably similar to that seen in continental Europe.

Friends of the Earth believed the commission should invite a full deputation of West German foresters to brief staff and tour Britain with them when they conduct the first national survey of damage this autumn.

● MERINO fleeces, fine, light-fault, should again meet solid demand at this week's Australian wool sales in Sydney, Adelaide, Fremantle and Launceston, the Australian Council of Wool Buyers said. But prices are unlikely to continue to rise as rapidly as they did last week.

● FOOT AND MOUTH disease hit Bavaria at the end of last month, the West German Farm Ministry said. About 850 animals were slaughtered following the isolated outbreak.

● U.S. ROASTINGS of green coffee in the week ended September 29 were about 375,000 60 kg bags, including that used for soluble production, compared with 360,000 bags in the corresponding week of last year, George Gordon Paton said.

● PENINSULAR MALAYSIAN rubber production fell to 108,046 tonnes in July from an upward revised 116,390 (original 115,979) in June and 126,165 in July last year, Kuala Lumpur statistics department figures show.

## PG Tips price to rise again

BY RICHARD MOONEY

SHOP PRICES for Britain's biggest selling tea are to rise soon, for the fourth time in less than a year. Brooke Bond Oxo said yesterday that it had increased the wholesale price of its PG Tips brand.

It expected the supermarket price for a 125 gramme packet to rise from 48p to about 54p. A year ago a packet of PG Tips cost 34.5p.

The company blamed the increase on a dramatic rise in auction prices for tea. At yesterday's weekly London auction quality grade tea averaged 360p a kilo, up 5p from last week, medium grade 318p, up 8p, and low medium 280p, up 10p.

A preponderance of sales in the low medium grade, however, meant the overall average is likely to be up only marginally from last week's 299.4p a kilo.

## EEC malt exports fall dramatically

BY ANDREW GOWERS

EXPORTS OF malt from the EEC have fallen dramatically this year as a result of depressed demand in the Third World and sharp competition from other suppliers, Britain's Maltsters Association said yesterday.

Mr H. D. P. Croft, association chairman, told its annual meeting that UK exports of malt had fallen by 110,000 tonnes in the first seven months of this year from the total for the corresponding period last year. Total UK malt exports last year were a record 446,500 tonnes.

In Brussels, officials of Euromalt, the EEC maltsters' organisation, said bookings of Community export licences for malt between July, the start of the marketing year, and the end of September totalled 373,000 tonnes compared with 905,000 tonnes for the corresponding period last year.

They blamed the drop on the shortage of hard currency in the developing world.

## PRICE CHANGES

In tonnes unless stated otherwise

| | Oct. 8 1984 | + or − | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £1100 | | £1100 |
| Free Mkt | $1075/1105 | | $1060/1090 |
| Copper | | | |
| Cash h Grade | £1021.25 | −0.25 | £1024.25 |
| 3 mths | £1043.25 | +2.5 | £1044.25 |
| Cash Cathode | £1026 | +4 | £1026 |
| 3 mths | £1042.5 | +1.5 | £1046 |
| Gold troy oz | $341.5 | −1 | $338.75 |
| Lead Cash | £328.75 | −1.25 | £307.5 |
| 3 mths | £331.25 | +1 | £315.25 |
| Nickel | £5353 | | £5353 |
| Free Mkt | 212.232c | | 210/232c |
| Palladium oz | $138.75 | −0.25 | $136.25 |
| Platinum oz | $322.50 | | $327.00 |
| Quick Silver | $322/310 | | $300/310 |
| Silver troy oz | 587.20p | −21.05 | 561.30p |
| 3 mths | 602.10p | [illegible] | [illegible] |
| Tin cash | £9510 | +137.5 | £9537.5 |
| 3 mths | £9467.5 | +110 | £9437.5 |
| Tungsten | $85.67 | | $87.83 |
| Wolfram 22.04lb | $84/87 | | $82/84 |
| Zinc | £612.5 | +1 | £601.5 |
| 3 mths | £604.5 | +1.25 | £604.25 |
| Producers | $880/940 | | $940/990 |

| | Oct. 8 1984 | + or − | Month ago |
|---|---|---|---|
| **Oils** | | | |
| Coconut (Phil) | $1380v | −40 | $1190 |
| Groundnut | $845y | −10 | |
| Linseed Crude | [illegible] | | |
| Palm Malayan | $630x | | $610 |
| **Seeds** | | | |
| Copra Phil | $750v | | $650 |
| Soyabean (U.S.) | $248.5 | +1.75 | $257.5 |
| **Grains** | | | |
| Barley Fut. Jan | £110.75 | −0.05 | £107.80 |
| Maize | [illegible] | | |
| Wheat Fut. Jan | £110.85 | +0.45 | £106.55 |
| No2 Hard Wint | [illegible] | | |
| **Other commodities** | | | |
| Cocoa ship't | £1972 | +32 | £1931 |
| Futures Dec | £1891 | +32 | £1820.5 |
| Coffee Ft. Jan | £2270.5 | −7 | £2178.5 |
| Cotton A Index | 72.55c | −0.05 | 76.00c |
| Gas Oil Nov | $242.25 | −2.75 | $236 |
| Rubber (kilo) | 62p | | 63p |
| Sugar (raw) | $128.5y | +5.5 | $114 |
| Wool'tps 64s | 467p kilo | −5 | 465pk |

§ Unquoted. x Nov. y Oct-Nov. t Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound. v Sept-Oct.

## LONDON OIL

### SPOT PRICES

| | Latest | Change + or − |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel) | | |
| Arabian Light | 27.70-27.85 | — |
| Dubai Fateh | 27.25-27.40 | — |
| Arab Heavy | 26.50-26.65 | −0.05 |
| North Sea (Forties) | 28.85 | — |
| North Sea (Brent) | 28.70-28.90 | — |
| African (BonnyLi'ht) | 28.80 | +0.10 |
| Urals | 28.10-28.20 | +0.05 |
| PRODUCTS—North West Europe "cif" ($ per tonne | | |
| Premium gasoline | 265 270 | +2 |
| Gas Oil | 243-247 | −2 |
| Heavy fuel oil | 184 188 | +0.5 |

### GAS OIL FUTURES

| Month | Yest'day's close | + or − | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| Oct | 251.25 | −2.50 | [illegible] |
| Nov | 242.25 | −2.75 | 244.50-37.75 |
| Dec | 243.75 | −2.75 | [illegible] |
| Jan | 246.00 | −2.75 | 247.50-45.00 |
| Feb | 248.25 | −2.25 | 243.75-42.25 |
| March | 238.00 | −1.75 | 238.00 |
| April | 236.00 | — | 236.00-35.80 |

Turnover: 2,496 (1,578) lots of 100 tonnes.

## GOLD MARKETS

Gold fell $1 an oz from Friday's close in the London bullion market yesterday to finish at $341¼-341¾. The metal opened at $342½-343 and traded between a high of $343-343½ and a low of $341-341½. Apart from a brief flurry at the morning fixing, trading volume was comparatively low in view of holidays in the U.S.

In Paris the 12½ kilo bar was fixed at FFr 103,000 per kilo ($343.21 per oz) in the afternoon against FFr 102,750 ($342.85) in the morning and FFr 103,500 ($345.40) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,555 per kilo ($342.98 per oz) against DM 33,780 ($346.94) previously and closed at $341½-342 from $343½-344.

In Luxembourg the dollar per oz equivalent of the 12½ kilo bar was $342.90 from $346.90.

In Zurich gold closed at $341½-$342 from $342-$342½.

### LONDON FUTURES

| Month | Yest'days close | + or − | Business Done |
|---|---|---|---|
| | $ per troy ounce | | |
| Oct | — | — | — |
| Dec | 347.00-47.40 | −1.60 | 348.80-47.00 |
| Feb | — | — | — |
| April | — | — | — |
| June | — | — | — |
| Aug | — | — | — |

Turnover: 162 (188) lots of 100 troy ounces.

| | Oct. 8 | | Oct. 5 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $341¼ 341¾ | (£278¼-279¼) | $342¼-342¾ | (£276½-277) |
| Opening | $342½-343 | (£276½-277) | $346¾-347¼ | (£278-278½) |
| Morning fixing | $342.75 | (£276.300) | $346.55 | (£278.465) |
| Afternoon fixing | $341.60 | (£276.152) | $343.80 | (£276.367) |

| Gold and Platinum Coins Oct. 5 | | | | | |
|---|---|---|---|---|---|
| Krugrnd | $352 352¾ | (£284¾-285½) | King Sov | $81½ 83 | (£66-67¼) |
| ½ Krug. | $181½-182¼ | (£146¾-147½) | Victoria Sov | $81½-83 | (£66 67¼) |
| ¼ Krug. | $92¾ 93½ | (£75 75¾) | French 20s | $65½ 67¼ | (£53 54½) |
| 1/10 Krug. | $38 38¾ | (£30¾-31¼) | 50 Pesos Mex | $425-427 | (£345 346¼) |
| Mapleleaf | $351¾-352½ | (£284¼-285¼) | 100 Cor Aust | $333 336 | (£269½-271¾) |
| New Sov. | $80¾-81¼ | (£65¼ 65¾) | $20 Eagles | $490 520 | (£396¼ 420¾) |
| ½ New Sov. | $48½ 49¼ | (£39¼ 39¾) | Noble (Plat.) | $351¼-355¾ | (£268½-271½) |

## EUROPEAN MARKETS

ROTTERDAM, October 8

Wheat—(U S. $ per tonne): U.S. two soft red winter Nov 158, Dec 158 50, Jan 161.50, Feb 162 25, March 162.25. U.S. two northern spring 14 per cent protein Oct 174.50, Nov 174 75, Dec 178, Jan 183 50, Feb 186, March 188.50, April/May 180. U.S. northern spring 15 per cent protein Oct 183 25, Nov 187. U.S three hard amber durum Oct 184, Nov 187, mid-Nov/mid-Dec 189, April/May 200. Canadian one western amber durum Oct 207, Nov 209, Nov/Dec 209.

Soyabeans (U S. $ per tonne): U.S. No. 2 Yellow Gulfports Oct 237 50, Nov 235.50, Dec 237 75, Jan 242, Feb 244.75, March 248, April 250.75, May 252.25 quoted.

Soyameal—(U.S. $ per tonne): 44 per cent Oct 163, Nov and Dec 163, Nov/March 166 April/Sept 183 sellers. Pellets Brazil afloat 173, Oct 175, Nov 178, Dec 182, Jan 187, Jan/March 190, May/Oct 206 sellers. Pellets Argentine afloat 166, Oct 163.50, Nov 164, Dec 165.50, Jan/March 175, May/Oct 196 sellers.

Maize—(U.S. $ per tonne): U S. three yellow afloat cif Ghent 152, Oct 135.50, Nov 135, Dec 135.50, Jan/March 137 50, April/June 139 sellers Argentine Plate mid Oct/mid Nov 178, April/June 148 sellers.

PARIS, October 8.

Sugar—(FFr per tonne): Dec 1650/1657, March 1696/1697, May 1741/1744, Aug 1780/1790, Oct 1849/1855, Dec 1880/1915.

## BRITISH COMMODITY PRICES

### BASE METALS

TIN PRICES rose strongly on the London Metal Exchange as short covering and a decline in warehouse stocks triggered further stop-loss buying which lifted forward standard metal from £9350 to the day's high of £9505. Other metals moved narrowly. COPPER was finally £1046, LEAD £330, after £338, ZINC £602.5 and ALUMINIUM £823.25.

### COPPER

| COPPER | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| High Grde | £ | £ | £ | £ |
| Cash | 1021-.5 | −.5 | 1021-.5 | −.25 |
| 3 months | 1044-.5 | −2 | 1045-.5 | +2.5 |
| Settlem't | 1021.5 | −.5 | — | — |
| Cathodes | | | | |
| Cash | 1026-.5 | −.75 | 1026-7 | +4 |
| 3 months | 1043-4 | −1.5 | 1042-3 | +1.5 |
| Settlem't | 1026.5 | −.5 | — | — |

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1020.5, 21, three months £1044.5, 44, 43, 43.5, 43.5, 44. Cathodes: Cash £1024, three months £1043. Kerb: Higher Grade: Three months £1044, 44.5, 44. Afternoon: Higher Grade: Three months £1044, 45, 44, 44.5, 45. Kerb: Higher Grade: Three months £1045, 45.5, 46. Turnover: 17,425 tonnes. U.S. Producers: 61.00-65.00 cents per pound.

### TIN

| TIN | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| High Grde | £ | £ | £ | £ |
| Cash | 9500-10 | +57.5 | 9550-60 | +155 |
| 3 months | 9455-65 | +62.5 | 9490-1 | +115 |
| Settlem't | 9510 | +58 | — | — |
| Standard | | | | |
| Cash | 9470 80 | +37.5 | 9505 15 | +137 |
| 3 months | 9430-1 | +33 | 9465-70 | +110 |
| Settlem't | 9480 | +40 | — | — |
| Straits E. | $29.16 | | — | — |

Tin—Morning: Standard. Three months £9385, 90, 9400, 10, 5, 10, 20, 30, 35, 30, 28, 30. High Grade: Cash £9505. Kerb. Standard: Three months £9435. Kerb: Standard: Three months £9465, 80, 90, 9500, 10. Afternoon: Standard: Three months £9440, 45, 40, 60, 65 High Grade: Three months £9490. Turnover. 2,085 tonnes.

### LEAD

| LEAD | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 328.5-9.5 | −.5 | 328.5-9 | −1.25 |
| 3 months | 332-.5 | −.25 | 331-.5 | −1 |
| Settlem't | 329.5 | −.5 | — | — |

Lead—Morning: Cash £329, three months £335, 34, 33 5, 33, 32 5. Kerb: Three months £333, 32 5, 33. Afternoon: Cash £328.5, three months £333, 32.5, 32, 30, 31, 32, 31.5, 31. Kerb: Three months £331, 32, 31, 30.5. Turnover: 21,650 tonnes. U.S. Spot: 22.00-26.00 cents per pound.

### ZINC

| ZINC | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 616-.6 | +.75 | 612-.5 | +1 |
| 3 months | 606-7 | −2 | 604-.5 | +1.25 |
| Settlem't | 616 | +1 | — | — |

Zinc—HIGH GRADE OFFICIAL/UNOFFICIAL PRICES: Cash am 700-10, pm 692-702. Three months am 655-.0, pm 654-6; settlement 710. Morning: Three months £606. Kerb: Three months £606. Afternoon: Three months £603. Kerb: Three months £606, 4, 4.5, 5, 4, 3, 2. Turnover: 8,675 tonnes. U S. Prime Western: 45 00-45.75 cents per pound.

### ALUMINIUM

| Alumin'm | a.m. Official | + or − | p.m Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 804-.5 | −4.5 | 798.5-9.5 | −10.5 |
| 3 months | 827.5-8 | −4.5 | 823-.5 | −9 |

Aluminium—Morning: Three months £831, 30 5, 30, 29.5, 29, 28.5, 28. Kerb. Three months £827, 26, 27, 28. Afternoon: Three months £824, 23.5, 24, 24.5, 24, 23.5, 23, 23.5. Kerb: Three months £823, 23 5, 23, 24, 23, 22.5, 23. Turnover: 18,100 tonnes.

### NICKEL

| NICKEL | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| Spot | 3790-5 | +30 | 3810-2 | +11 |
| 3 months | 3885 90 | +32.5 | 3895-900 | +5 |

Nickel—Morning: Cash £3790, three months £3880, 85, Kerb: Three months £3885, 80. Afternoon: Three months £3890, 95, 3900. Kerb: Three months £3900, 10, 7, 5 Turnover: 1,326 tonnes.

### SILVER

Silver was fixed 21.5p an ounce lower for spot delivery in the London bullion market yesterday at 587.20p. U.S. cent equivalents of the fixing levels were: spot 729c, down 29.9c; three-month 748.4c, down 29c; six-month 768.5c, down 30.2c; and 12-month 813c, down 32.5c. The metal opened at 587-592p (728-735c) and closed at 587¼-590¼p (728-729c).

| SILVER per troy oz | Bullion fixing price | + or − | L.M.E. p.m. Unofficial | + or − |
|---|---|---|---|---|
| Spot | 587.20p | −21.5 | 586.5p | −4 |
| 3 months | 602.10p | −21.5 | 601.75p | −4.5 |
| 6 months | 615.85p | −22.7 | — | — |
| 12 months | 645.25p | −24.2 | — | — |

LME—Turnover: (2.000 oz contract): Cash 586.5p (590.5p): three months 601.75p (606.25p). Turnover: 0 (0).

Turnover: 90 (178) lots of 10,000 ozs. Morning: Large: 1st ring three months 603.5, 03, 2nd ring three months 603. Kerb: Unwraded. Afternoon: Large: 1st ring three months 601, 01.5, 02; 2nd ring three months 601.5, 02. Kerb: Untraded.

### COCOA

Futures traded quietly, with some underlying consumer interest providing support. During the afternoon prices moved up to close at the highs. Origins were inactive, reports Gill and Duffus.

Sales: 3,701 (2,396) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily prices for Oct 8: 101.54 (101.12).

| COCOA | Yesterday's Close | + or − | Business Done |
|---|---|---|---|
| Oct | 1880-90 | +20.0 | — |
| Dec | 1890 92 | +32.0 | 1892-1880 |
| March | 1858 59 | +32.5 | 1861 1835 |
| May | 1861-66 | +38.5 | 1868-1858 |
| July | 1863-65 | +36.5 | 1858-1842 |
| Sept | 1867-68 | +35.0 | 1870-1850 |
| Dec | 1846-47 | +24.0 | 1860-1841 |
| Mar | 1835-55 | +25.0 | — |

Cocoa—(FFr per 100 kg): Dec 2170/2180, March 2153/2159, May 2150 bid, Jul 2156 bid, Sept 2160 bid, Dec 2165 bid, March 2170 bid.

### COFFEE

During a quiet morning values remained within a narrow range in poor volume, reports Drexel Burnham Lambert. Continued pressure in near November emerged as the only feature as a general lack of news and a disappointing New York performance dampened interest.

table table table table talbe AC— —

| COFFEE | Yesterd'ys Close | + or − | Business Done |
|---|---|---|---|
| Nov | 2330-31 | −26.0 | 2332-20 |
| January | 2270-71 | −7.0 | 2273 64 |
| March | 2202-03 | −3.0 | 2204-93 |
| May | 2178-79 | −0.5 | 2178-72 |
| July | 2168 65 | −2.0 | 2165 60 |
| Sept | 2157 59 | +2.0 | 2155 50 |
| Nov | 2146-50 | +6.0 | 2150-44 |

Sales: 1,529 (2,219) lots of 15 tonnes.

ICO indicator prices (U.S. cents per pound) for October 5: Comp daily 1979 135.82 (136.12): 15-day average 138.00 (138.42).

### GRAINS

Wheat rose on light mixed buying interest and a lack of sellers. Barley came under shipper selling pressure, reports Muirpace.

| WHEAT | | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yesterd'ys close | + or − | Yesterd's close | + or − |
| Nov | 107.10 | +0.35 | 107.50 | −0.10 |
| Jan | 110.85 | +0.40 | 110.75 | −0.05 |
| Mar | 114.10 | +0.35 | 113.70 | — |
| May | 117.30 | +0.40 | 116.50 | +0.50 |
| July | 118.80 | +0.40 | — | — |
| Sept | 97.65 | +0.55 | 96.40 | −0.10 |

Business done—Wheat: Nov 107.25-7.00, Jan 111.05-10.80, March 114.35-4.00, May 117.50-7.20, July 190 00-8.80, Sept 97.80-7.60. Sales: 343 lots of 100 tonnes. Barley: Nov 108.00-7 50, Jan 111.10-10.80, March 113.95-3.75, May 116.40 only, Sept 96.65-6.50. Sales: 99 lots of 100 tonnes.

LONDON GRAINS—Wheat: CWRS No 1 13½ per cent ex-origin transhipment Oct 164.00. U.S: Dark Northern Spring No. 1 15 per cent Nov 152.20, Dec 155, Jan 159 transhipment east coast. U.S. No. 2 Soft Red Winter Nov 138.50, Dec 139.75, Jan 142.25. English Feed fob Jan/March 114 50 seller. Barley: English Fed fob Oct 106.50, Nov 110, Jan/March 115, April/June 119 east/south coast. Rest unquoted.

### COTTON

LIVERPOOL—Spot and shipment sales amounted to 286 tonnes. Fair offtake with renewed interest in Middle Eastern qualities Occasional support came in African growths.

### PIGMEAT

Prices came under pressure during the morning with speculative selling and long liquidation. Values rallied in the afternoon as speculators took profits on short positions and then went long, reports CCST Commodities.

| Month | Yesterdays' close | Previous close | Business Done |
|---|---|---|---|
| | p. per kilo (deadweight) | | |
| Nov | 128.90 | 129.00 | 129.10-27.70 |
| Feb | 121.50 | 121.70 | 121.70-21.20 |
| April | 120.00 | 119.20 | 120.00-19.30 |
| June | 117.00 | 117.30 | 117.00 |
| July | 115.10 | 115.40 | 115.20-15.15 |
| Aug | 116.00 | 116.00 | 116.00 |
| Oct | 77.00 | 77.00 | — |

Sales: 316 (190) lots of 50 carcases 3,250 kg.

### WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 560.0, 566.0, 560.0; Dec 564.0, 567.0, 566.0-566.1; March 572.0, 580.0, untraded; May 582.5, 585.5, untraded; July 588.5, 590.0, untraded; Oct 580.0, 586.0, untraded; Dec 584.0, 590.0, untraded; March 590.0, 600.0, untraded. Sales: nil.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct 500, 502-501; Dec 505, 508, nil; Jan 506, 508, 508-507; March 515, 518, 518-515; May 21, 523, 524-520; Aug 536, 537, 540-530; Oct 535, 540, 541; Dec 536, 539, 540, Jan 540, 543, 540; March 546, 550, 550-548. Sales: 71.

### POTATOES

The market rapidly lost ground, opening £1.00 lower and dropping throughout the morning. After a quieter afternoon selling pressure was again evident at the close, pushing April through the £80.00 support level. The weakness was possibly due to improved weather prospects and indications that no clear clearance has not been unduly hindered by wet conditions, reports Coley and Harper.

| Month | Yesterday's close | Previous close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Nov | 57.50 | 61.50 | 59.50-57.20 |
| Feb | 67.50 | 70.00 | 68.80-67.50 |
| April | 79.90 | 83.60 | 82.80-78.80 |
| May | 86.40 | 90.20 | 89.00-86.20 |
| Nov | 77.00 | 77.00 | — |

Sales: 762 lots of 40 tonnes.

### SOYABEAN MEAL

The market opened 50p to £1 lower in active conditions, reports T. G. Roddick. During the afternoon shipper buying interest lifted values.

| | Yesterday's close | + or − | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| October | 134.50-34.90 | −0.65 | 134.50-33.20 |
| Dec | 139.50-39.70 | +0.25 | 139.50-38.90 |
| Feb | 139.50-38.70 | +0.10 | 139.50-38.00 |
| Apr | 142.50-42.50 | +0.25 | 141.50-41.00 |
| June | 141.50-43.00 | −0.25 | 141.70-41.50 |
| August | 145.60 47.00 | — | — |
| October | 145.10-49.50 | −1.80 | — |

Sales: 411 lots of 20 tonnes, 312 lots of 100 tonnes.

### RUBBER

PHYSICALS—The London market opened slightly easier, ruled quiet throughout the day and closed on an inactive note, reports Lewis and Peat. Closing prices (buyers): Spot 62 00p (same): Nov 73.50p (same): Dec 73.50p (73.75p). The Kuala Lumpur Oct fob price for RSS No 1 was 206.5 (209.0) cents a kg and for SMR 20 was 191 5 (192 5).

FUTURES—Close (buyer, seller, business). RSS No 1. £ per tonne. Nov 600, 610, 620; Dec 610, 625; Jan 620, 640; Feb 620, 650; March 620, 655; April 625, 665; May 630, 670— June 635, 675; July 645, 685, (Dec to July untraded): 1985 Jan/March 615, 650, 620; 1985 April/June 635, 680, 645; 1985 July/Sept 670, 705, untraded. Sales 2 (0) lots of 5 tonnes, 11 (2) lots of 15 tonnes.

### SUGAR

LONDON DAILY SUGAR—Raw sugar $128 50 (£103.50), up $5.50 (up £4 50), a tonne for Oct-Nov delivery. White sugar $175.00, up $5.00.

Opening prices were some $3 up on Friday's close and thereafter the market attempted to consolidate, reports C. Czarnikow.

| No. 6 Contract | Yest'day's close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| Dec | 146,60-47,00 | 145,90 45.40 | 148.20 46.40 |
| Mar | 163,20 63.40 | 159.03-59.20 | 165.60 61.00 |
| May | 170.20-70.40 | 165.80-66.00 | 170.60 68.80 |
| Aug | 179.40-79.60 | 174.80-75.20 | 179.60 78.80 |
| Oct | 187.40 87.60 | 185.00-85.60 | 187.80-86.80 |
| Dec | 194.40-86.06 | 189.80-92.00 | 194.00 |
| Mar | 206.60-10.60 | 204.80-06.60 | 209.00 |

Sales: No 6 2.896 (2.029) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £209.25 (£206.00) a tonne for export.

International Sugar Agreement—(U.S cents per pound fob and stowed Caribbean ports). Prices for October 5: Daily price 4 66 (4.62): 15-day average 4.14 (4.10).

### TEA AUCTION

LONDON TEA AUCTION—23,153 packages were on offer, including 1 200 packages in the offshore section. Demand was again strong throughout. Assams continued to meet keen competition and prices were generally 5-10p dearer. East Africans found useful support and were fully firm to 10p dearer with dusts a good feature.

### MEAT/FISH

MEAT COMMISSION—Average fat stock prices at representative markets. GB—Cattle 95.14p per kg lw (−0.09). GB—Sheep 155.09p per kg est dcw (+1.20). GB—Pigs 92.73p per kg lw (+1.18).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package unless otherwise stated. English produce: Apples—Per pound, Cox's 0.14-0.24, Bramley 0.10-0.12, Russets 0.17-0.22, Worcester Pearmain 0.12-0.16. Pears—Per pound Conference 0.12-0.16 Plums—12 lb, Monarch 1.80-2.20, Marjorie's Seedling 2.40-2.50, Giant Prune 1.50-1 80. Raspberries—½lb 0.40-0.60. Strawberries—½lb 0.50-0.60. Potatoes—Per bag 56 lb 2.40-3.20. Bakers 5 50-6 00. Mushrooms—Per pound, open 0.60-0.75, Closed 1.00-1.10. Lettuce—Per tray round 1.00-1.20, Cos 1.40-1 50; Webb's 1.60-1.80; Iceberg 12s 7.00-7 60. 15s 6.00. Carrots—28lb 1.00-1.60. Greens—Prime 1.50-1.80. Crates, green 2.20-2.40, January King 1.50-1 60. Tomatoes—Tray 12lb 3.40-3.50. Cucumbers—Tray 3.00-3.60. Cauliflowers—Dozen, Lincs 2.80-3.30. Spring Onions—Bunch 0.10-0.11. Radishes—Bunched 0 12-0.14. Celery—Prepack 3 00-3.30; Loose 1 80-2 20. Watercress—Ice pack 20s 3.40-3.50. Salad—Crispa 16s 1.00-1.10. Courgettes—Per pound 0.25-0.30. Beetroot—Bags 28lb 1.60-1.80. Onions—55lb bag 3.50-3.20. Capsicums—Per pound 0 28-0.30. Sprouts—Per pound 0.20-0 25. Corn on the Cob—Each 0.10-0 14. Fennel—Tray 10lb 3.00-3:50. Leeks—Per pound 0 25 Swedes—28lb 1 40-1 50. Parsnips—28lb 2.40-2 60. Cobnuts—Per pound 0 55-0.60. Calabrese—Per pound 0.50-0 60.

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 77.0 to 84.0: English forequarters 55.0 to 57 3: Ulster forequarters 52.5 to 56.5; Eire hindquarters 87.0 to 91.0. Veal—Dutch hinds and ends 125 0 to 130.0. Lamb—English small 66.0 to 74.0, medium 66.0 to 70.0, heavy 62 0 to 66.0: Scotch medium 66 0 to 68.0. heavy 63.0 to 65.0: Imported: New Zealand PL 67.0 to 67.5, PX 61.5 to 62.5, YL 64.5 to 65.3. Pork—English under 100lb 59 0 to 66.3. 100-120lb 59.0 to 63.5. 120-160lb 50.0 to 58 0.

Imported produce: Oranges—Outspan. 6 20-8 20: Brazilian. 7.50-8.00: Uruguayan: 7 50-8 00. Tangerines—Brazilian: Honey 6.80-7.00. Lemons—Spania: 5-kg 2.00-2 50; 15-kg 5.00-6.00, Outspan: 15-kg 5.00-6.80 Uruguayan. 20-kg 6.50-7.00; Turkish: 8-kg 4 00-4.50; Italian. 15-kg box new crop 5.50 Grapefruits—Outspan: Marsh Seedless 27 5.10, 32 5.75, 36 6 25. 40 6 95. 48 6.70, 56 7 05. 64 6.90, 72 6 50, Odds 60p less: Uruguayan. 16-kg 7 20-7.50. U S: Ruby 10 00-10 50· Cuban. 4 40-4 80, Ruby 7.00-8.00: Dominican· 6.00-7.00: Jaffa· Yarden River 5 90-6 50

## INDICES

### FINANCIAL TIMES

| Oct. 8 | Oct. 5 | M'th ago | Yearago |
|---|---|---|---|
| 287.51 | 289.76 | 293.00 | 286.84 |

(Base: July 1 1952 = 100)

### REUTERS

| Oct. 8 | Oct.5 | M'th ago | Yearago |
|---|---|---|---|
| 1882.6 | 1876.1 | 1875.2 | 1899.5 |

Base: September 18 1931 = 100)

### MOODY'S

| Oct 9 | Oct 4 | M'th ago | Yearago |
|---|---|---|---|
| 963.7 | 968.9 | 1016.1 | 1037.4 |

(Base: December 31 1931 = 100)

### DOW JONES

| Dow Jones | Oct. 5 | Oct. 4 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 123.97 | 124.64 | 131.26 | 138.99 |
| Fut | 124.52 | 125.76 | 128.40 | 148.81 |

(Base: December 31 1974 = 100)

## AMERICAN MARKETS

NEW YORK, October 8

Precious metals were inactive as the markets did not receive any indication of the direction of interest rates with the Federal Reserve offices closed for the day, reports Heinold Commodities. The trading range for gold and silver was extremely narrow and prices finished basically unchanged. Copper was fractionally higher mostly on arbitrage support but the total volume of trading was very disappointing. Aluminium prices were under considerable pressure as commission houses continued to liquidate their long positions. Sugar opened firm on strong but eroded gradually under steady producer selling and commission house profit-taking. A return of warm temperatures on the East Coast brought dealer and speculative selling into the heating oil market, pushing prices sharply lower. Cotton prices were very strong on short covering as the trade was concerned about new crop quality following very heavy weekend rains. Cocoa prices rallied on forecasts of a lower Ivory Coast production as a result of excessive rains. Coffee was fractionally higher as a featureless session led traders preferred to absorb the new quota increases before committing themselves further. Soyabeans were higher in anticipation of a lower yield estimate to be announced later this week by the Government, while maize traded fractionally lower on long liquidation. Wheat prices were fractionally higher in a lightly traded market.

### NEW YORK

ALUMINIUM 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 45.35 | — | — | 46.55 |
| Dec | 45.90 | 46.35 | 45.65 | 46.60 |
| Jan | 46.45 | 47.95 | 46.45 | 47.15 |
| Feb | 46.95 | — | — | 47.60 |
| March | 47.50 | 47.95 | 47.50 | 48.20 |
| May | 48.60 | — | — | 49.30 |
| July | 49.60 | — | — | 50.30 |
| Sept | 50.80 | — | — | 51.50 |
| Dec | 52.45 | — | — | 53.15 |
| Jan | 53.00 | — | — | 53.70 |
| March | 54.10 | — | — | 54.80 |

COCOA 10 tonnes, $/tonne

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 2221 | 2225 | 2188 | 2183 |
| March | 2186 | 2195 | 2160 | 2164 |
| May | 2196 | 2205 | 2175 | 2176 |
| July | 2210 | — | — | 2180 |
| Sept | 2210 | — | — | 2185 |
| Dec | 2220 | — | — | 2180 |

COFFEE "C" 37,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 134.38 | 134.40 | 133.80 | 134.35 |
| March | 133.25 | 133.40 | 133.00 | 133.47 |
| May | 132.97 | 133.00 | 132.55 | 132.64 |
| July | 131.60 | 131.90 | 131.45 | 131.57 |
| Sept | 130.88 | 130.50 | 130.50 | 130.60 |
| Dec | 129.63 | 130.00 | 129.60 | 129.50 |
| March | 128.10 | — | — | 129.00 |

COPPER 25,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 55.65 | — | — | 55.60 |
| Nov | 56.10 | — | — | 56.00 |
| Dec | 56.75 | 56.90 | 56.30 | 56.65 |
| Jan | 57.35 | — | — | 57.25 |
| March | 58.60 | 58.75 | 58.20 | 58.50 |
| May | 59.75 | 59.80 | 59.50 | 59.65 |
| July | 60.90 | 61.00 | 60.50 | 60.80 |
| Sept | 62.10 | 62.00 | 61.90 | 62.00 |
| Dec | 63.80 | 63.70 | 63.40 | 63.70 |
| Jan | 64.35 | — | — | 64.25 |

COTTON 50,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 64.80 | 64.80 | 64.00 | 63.35 |
| Dec | 65.04 | 65.20 | 64.58 | 64.19 |
| March | 66.80 | 67.00 | 66.50 | 66.18 |
| May | 68.00 | 68.10 | 67.77 | 67.41 |
| July | 69.05 | 69.15 | 68.80 | 68.64 |
| Oct | 69 00 | — | — | 69.01 |
| Dec | 69.40 | 69.75 | 69.40 | 69.31 |
| March | 70.20 | — | — | 70.11 |

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Nov | 29.40 | 29.43 | 29.26 | 29.40 |
| Dec | 29.50 | 29.53 | 29.32 | 29.51 |
| Jan | 29.51 | 29 54 | 29.33 | 29.53 |
| Feb | 29.40 | 29.46 | 29.27 | 29.45 |
| March | 29.35 | 29.35 | 29 22 | 29.41 |
| April | 29.30 | 29.30 | 29.15 | 29.37 |
| May | 29.16 | 29.16 | 29.16 | 29.29 |
| June | 29.25 | — | — | 29.24 |
| July | 29.30 | — | — | 29.24 |
| August | — | — | — | 29.18 |

GOLD 100 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 342.4 | 342.5 | 341.5 | 341.4 |
| Dec | 347.8 | 348.3 | 346.4 | 347.0 |
| Feb | 354.2 | 354.7 | 352.9 | 353 4 |
| April | 360.5 | 360.5 | 359.9 | 359.7 |
| June | 367.2 | 366.5 | 366.5 | 366.5 |
| Aug | 373.9 | 373.3 | 373.3 | 373.3 |
| Oct | 381.2 | — | — | 380.6 |
| Dec | 388.7 | 390.0 | 388.0 | 388.2 |
| Feb | 396 6 | — | — | 396.1 |
| April | 404.5 | — | — | 404.1 |
| June | 413.1 | — | — | 412.7 |
| Aug | 421.9 | — | — | 421.5 |

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Nov | 81.10 | 81.50 | 80.50 | 81.78 |
| Dec | 82.30 | 82.60 | 81.70 | 82.98 |
| Jan | 83.15 | 83.30 | 82.60 | 83.77 |
| Feb | 82.60 | 82.65 | 82.25 | 83.15 |
| March | 79.20 | 79.35 | 78.90 | 79.80 |
| April | 77.25 | 77.25 | 76.90 | 78.00 |
| May | 76.76 | — | — | 77.15 |
| June | — | — | — | 76.40 |

ORANGE JUICE 15,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Nov | 179.00 | 79.70 | 78.50 | 79 00 |
| Jan | 181.45 | 82.30 | 81.20 | 81.65 |
| March | 180.95 | 81.65 | 80.50 | 81.00 |
| Sept | 178.40 | 78.50 | 78.50 | 78.00 |
| Nov | 177.95 | — | — | 77.90 |
| Jan | 177.95 | — | — | 77.90 |
| March | 177.95 | — | — | 77.80 |

PLATINUM 50 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 319.0 | 319.5 | 318.0 | 319.5 |
| Jan | 325.0 | 326.0 | 324.0 | 322.5 |
| April | 327.0 | 328.5 | 325.5 | 327.0 |
| July | 330.5 | 332.5 | 330.5 | 329.0 |
| Oct | 334.7 | 334.5 | 334.5 | 335.5 |
| Jan | 337.7 | 340.0 | 340.0 | 340.7 |
| April | 343.7 | — | — | 344.1 |

SILVER 5,000 troy oz, cents/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 728 5 | — | — | 727.5 |
| Nov | 735.2 | — | — | 733.5 |
| Dec | 741.3 | 744 6 | 736.5 | 740.0 |
| Jan | 748.3 | 748.0 | 746.0 | 747.0 |
| March | 762.2 | 765.0 | 759.0 | 761.2 |
| May | 776 4 | 777.0 | 771.0 | 775.4 |
| July | 791.0 | 792.5 | 787.0 | 790.0 |
| Sept | 806.0 | — | — | 805.0 |
| Dec | 830.0 | 830.0 | 828.0 | 829.2 |
| Jan | 840.1 | — | — | 840.1 |

SUGAR WORLD "11" 112,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 5.25 | 5.30 | 5.25 | 5.40 |
| March | 5.95 | 6.00 | 5.88 | 5.90 |
| May | 6.26 | 6.51 | 6.22 | 6.22 |
| July | 6.54 | 6.80 | 6.54 | 6.58 |
| Sept | 6.81 | 7.05 | 6.80 | 6.98 |
| Oct | 7.04 | 7.26 | 7.02 | 7.18 |
| Jan | 7.50 | — | — | 7.50 |
| March | 8.06 | 8.27 | 8.20 | 8.19 |

### CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 62.30 | 62.35 | 62.25 | 62.37 |
| Dec | 64.45 | 64.65 | 64.22 | 64.20 |
| Feb | 64.95 | 64.97 | 64.70 | 64.62 |
| April | 66.07 | 66.17 | 65.70 | 65.66 |
| June | 66.87 | 66.95 | 66.55 | 66.60 |
| Aug | 64.92 | 65.05 | 64.60 | 64.75 |
| Oct | 63.40 | 63.50 | 63.40 | 63.20 |

LIVE HOGS 30,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 44.22 | 44.50 | 43.80 | 44.30 |
| Dec | 46.47 | 46.70 | 45.80 | 46.22 |
| Feb | 48.67 | 48.90 | 47.90 | 48.30 |
| April | 45.75 | 46.05 | 45.17 | 45.46 |
| June | 49.00 | 49.40 | 48.60 | 48.92 |
| July | 50.05 | 50.15 | 49.35 | 49.66 |
| Aug | 48.25 | 48.25 | 47.50 | 48.00 |
| Oct | 46.40 | 46.45 | 46.02 | 46.25 |
| Dec | 46.85 | 46.85 | 46.65 | 46.82 |

MAIZE. 5,000 bu min, cents/56 lb bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 278.6 | 282.0 | 278.4 | 280.4 |
| March | 284.0 | 287.0 | 283.4 | 285.6 |
| May | 288.0 | 290.6 | 287.4 | 289.6 |
| July | 290.0 | 292.4 | 289.2 | 291 2 |
| Sept | 283.4 | 285 0 | 283.4 | 284.2 |
| Dec | 278.4 | 279.6 | 278.2 | 278 4 |
| March | 286.0 | 287.0 | 286.0 | 286.0 |

SOYABEANS 5,000 bu min, cents/60 lb bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Nov | 598.2 | 597.4 | 593.0 | 589.6 |
| Jan | 606.4 | 609.0 | 604.4 | 601 6 |
| March | 620.4 | 621.4 | 617 0 | 614.2 |
| May | 633.2 | 633.4 | 629.4 | 626.2 |
| July | 638 0 | 639 4 | 636.0 | 634.0 |
| Aug | 638.0 | 639.0 | 637.0 | 634 0 |
| Sept | 631.0 | 631.0 | 628.0 | 626.0 |
| Nov | 630.0 | 630.0 | 625.0 | 624.2 |

SOYABEAN MEAL 100 tons, $/ton

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 143.5 | 145.0 | 142.0 | 141 4 |
| Dec | 149 9 | 151.5 | 149.7 | 148 0 |
| Jan | 152.9 | 154.5 | 151.5 | 151.1 |
| March | 158.2 | 159.8 | 157.1 | 156 5 |
| May | 162.2 | 164.5 | 161.5 | 161.5 |
| July | 166.3 | 168.5 | 166 0 | 166.5 |
| Aug | 165.7 | 167.5 | 165.5 | 165.2 |
| Sept | 165.8 | 167.0 | 165.0 | 165 7 |
| Oct | 167.0 | — | — | 167.0 |

SOYABEAN OIL 60,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 27.28 | 27 80 | 26 85 | 27.30 |
| Dec | 25 26 | 25 44 | 24 85 | 25.18 |
| Jan | 24.77 | 24 95 | 24.50 | 24 70 |
| March | 24.47 | 24.60 | 24.30 | 24.48 |
| May | 24.25 | 24.36 | 24.13 | 24.22 |
| July | 24.00 | 24.15 | 23.85 | 24 00 |
| Aug | 23.82 | — | — | 23.80 |
| Sept | 23.65 | 23 65 | 23.59 | 23.70 |
| Oct | 23 50 | 23 50 | 23 50 | 23 50 |
| Dec | 23.34 | 23.34 | 23.34 | 23.35 |

WHEAT 5,000 bu min, cents/60 lb bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 348.6 | 349.4 | 347.4 | 348.4 |
| March | 356 4 | 357.0 | 355.2 | 356 6 |
| May | 356.0 | 356.2 | 353.6 | 356.0 |
| July | 341.2 | 341.2 | 339 6 | 340.8 |
| Sept | 345.4 | 345.4 | 344.4 | 345.2 |
| Dec | 357.0 | — | — | 358.0 |

SPOT PRICES—Chicago loose lard 30 00 (same) cents per pound. New York tin 537 0-52.0 (535 0-49 0) cents per pound. Hardy and Harman silver bullion closed (735.5 cents per troy ounce)

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# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar mixed in quiet trading

The dollar finished on a slightly firmer note in very quiet trading yesterday. Volume was kept to comparatively low levels by the closure of some U.S. centres for Columbus Day. The dollar rose to DM 3.0510 from DM 3.0495 and FFr 9.3550 compared with FFr 9.3450. It was a little easier against the Swiss franc at SwFr 2.5120 from SwFr 2.5175 and Y246.75 from Y246.85.

However the dollar retained a basically strong undertone despite a recent easing in Federal funds, reflecting concern over the proximity of a large Government refunding programme and signs of continued U.S. economic growth. In the absence of any strong economic influences, market sentiment appeared to be affected by the fortunes of the two main contending parties in the run up to next month's U.S. Presidential election. On Bank of England figures, the dollar's trade weighted index rose to 141.8 from 141.7.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.2215. September average 1.2593. Exchange rate index 76.4 against 79.8 six months ago.

Sterling improved a little in quiet trading. The possibility of an early reduction in UK clearing bank base rates was countered by renewed hopes of an early settlement to the miners' strike. Sterling closed at $1.2365 against the dollar from $1.2380 and was unchanged against the D-mark at DM 3.7750. It was a little easier in terms of the French franc at FFr 11.5550 from FFr 11.57 and the Swiss franc at SwFr 3.1100 from SwFr 3.1150. Against the yen it fell to Y304.75 from Y305.75.

D-MARK—Trading range against the dollar in 1984 is 3.1265 to 2.5535. September average 1.2593. Exchange rate index 121.2 against 127.3 six months ago.

The dollar was fixed at DM 3.0438 at yesterday's fixing in Frankfurt up from DM 3.0335 on Friday. There was no intervention by the Bundesbank at the fixing or in open trading with volume at a comparatively low level in view of the Columbus Day holiday in the U.S. There were signs that the proximity of the U.S. Presidential election would begin to play a more prominent part, with the dollar tending to reflect the fortunes of President Reagan.

Elsewhere sterling was fixed at DM 3.7710 from DM 3.7700 and the Swiss franc was higher at DM 1.2114 from DM 1.2078. Within the EMS the Belgian franc improved to DM 4.9370 per BFr 100 from DM 4.9290 and the French franc was also firmer at DM 32.60 per FFr 100 from DM 32.59.

### STERLING EXCHANGE RATE INDEX

(Bank of England)

| | Oct 8 | Previous |
|---|---|---|
| 8.30 am | — | — |
| 9.00 am | 76.4 | 76.4 |
| 10.00 am | 76.4 | 76.5 |
| 11.00 am | 76.4 | 76.5 |
| Noon | 76.4 | 76.5 |
| 1.00 pm | 76.4 | 76.5 |
| 2.00 pm | 76.4 | 76.6 |
| 3.00 pm | 76.4 | 76.5 |
| 4.00 pm | 76.4 | 76.2 |

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu October 8 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.9008 | 45.2827 | +0.85 | +0.85 | ±1.5447 |
| Danish Krone | 8.14104 | 8.08801 | −0.65 | −0.65 | ±1.6425 |
| German D-Mark | 2.24184 | 2.23560 | −0.28 | −0.28 | ±1.0642 |
| French Franc | 6.87456 | 6.85716 | −0.25 | −0.25 | ±1.4052 |
| Dutch Guilder | 2.52595 | 2.52109 | −0.19 | −0.19 | ±1.4964 |
| Irish Punt | 0.72569 | 0.721847 | −0.53 | −0.53 | ±1.6699 |
| Italian Lira | 1403.49 | 1385.72 | −1.27 | −1.27 | ±4.1505 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### New York rates (latest)

| | Oct. 8 | Prev. close |
|---|---|---|
| £ Spot | $1.2375-1.2390 | $1.2380-1.2395 |
| 1 month | 0.04½-0.06 dis | 0.04-0.06 dis |
| 3 months | 0.27-0.30 dis | 0.30-0.33 dis |
| 12 months | 1.58-1.68 dis | 1.65-1.75 dis |

Forward premiums and discounts apply to the U.S. dollar.

### POUND SPOT—FORWARD AGAINST POUND

[illegible]

### DOLLAR SPOT—FORWARD AGAINST DOLLAR

[illegible]

### OTHER CURRENCIES

[illegible]

### CURRENCY MOVEMENTS

[illegible]

### CURRENCY RATES

[illegible]

### EXCHANGE CROSS RATES

[illegible]

### EURO-CURRENCY INTEREST RATES (Market closing rates)

[illegible]

Asian $ (closing rates in Singapore): Short-term 10⅜-10½ per cent; seven days 10⅜-10⅝ per cent; one-month 10 25/32-11 1/32 per cent; three months 11 5/16-11 7/16 per cent; six months 11 9/16-11 11/16 per cent; one year 11 13/16-11 15/16 per cent. Long-term Eurodollars: two years 12½-12¾ per cent; three years 12⅝-12⅞ per cent; four years 12¾-13 per cent; five years 12⅞-13⅛ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

## MONEY MARKETS

# London rates continue to ease

Interest rates declined on the London money market yesterday as speculation continued about a cut in clearing bank base rates. The opening of the Conservative Party conference today has encouraged hopes of a cut in base rates, but the market is aware that any move is likely to depend on today's money supply figures. Forecasts about sterling M3 growth in September vary considerably, with the upper estimate taking the rise outside the official range, but the market remained generally optimistic yesterday.

With sterling holding steady and obvious political will towards lower rates, it was hoped that money supply growth towards the lower end of expectations would produce an early reduction of ½ per cent to 10 per cent in base rates.

UK clearing banks' base lending rate 10½ per cent (since August 20)

On the interbank market three-month money fell to 10 7/16 per cent from 10⅝ per cent, and discount houses buying rates for three month bank bills to 9 15/16 per cent from 9 31/32 per cent.

The Bank of England forecast a money market shortage of £500m, and provided total help of £472m. An early round of assistance was offered, but the discount houses again proved reluctant to part with their high yielding paper outright in the hope of lower interest rates.

In the early morning the authorities managed to buy only £20m Treasury bills outright in band 1 (up to 14 days maturity) at an unchanged rate of 10¼ per cent.

Also before lunch the Bank of England purchased £198m bills for resale to the market on October 18 at 10½ per cent.

In the afternoon another £25m bills were bought outright by way of £2m local authority bills in band 2 (15-33 days) at 10⅛ per cent, and £20m bank bills in band 2 at 10⅛ per cent, plus £3m bank bills in band 3 (34-63 days) at 10⅛ per cent.

Another £54m bills were purchased for resale to the market on October 22 at 10½ per cent, and the Bank of England also provided late assistance of around £175m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills from Friday's tender drained £403m, with the unwinding of repurchase agreements absorbing £163m; Exchequer transactions £180m; and bank balances below target another £40m. These factors were partly offset by a fall in the note circulation of £265m.

### MONEY RATES

| Oct. 8 | Frankfurt | Paris | Zurich | Amst'dam | Tokyo | Milan | Brussels | Dublin |
|---|---|---|---|---|---|---|---|---|
| Overnight | 5.55-5.65 | 11⅛ | 1¼-1¾ | 6¼-6⅜ | 6.21875 | 17-17⅜ | 12.00 | 12¼-12½ |
| One month | 5.75-5.90 | 11 1/16-11 3/16 | 4⅝-4¾ | 5⅛-6¼ | 6.21875 | 16⅞-17¼ | 10¾-11 | 12⅝-12⅞ |
| Two months | 5.75-5.90 | 11 1/16-11 3/16 | — | — | — | — | — | 12⅞-13¼ |
| Three months | 5.95-6.10 | 11 1/16-11 3/16 | 5⅛-5¼ | 6 1/16-6 3/16 | 6.34375 | 17⅛-17½ | 10¾-11 | 13-13¼ |
| Six months | 6.00-6.15 | 11 1/16-11 3/16 | — | 5½-5⅝ | — | — | 10¾-11 | 13¼-13½ |
| Lombard | 5.5 | — | — | — | — | — | — | — |
| Intervention | — | 11 | — | 5¾ | — | — | — | — |

### LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

| Oct. 8 1984 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Company Deposits | Market Deposits | Treasury (Buy) | Treasury (Sell) | Eligible Bank (Buy) | Eligible Bank (Sell) | Fine Trade (Buy) |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 10-12¼ | 10⅞-11 | 11-11¼ | 10½-11 | — | — | — | — | — |
| 2 days notice | — | — | 10¾ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 10¾-11 | 10⅝ | 11-11⅛ | 10½-10⅝ | — | — | — | — | — |
| One month | [illegible] | [illegible] | 10¼ | 10⅞ | 10⅝ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two months | [illegible] | [illegible] | 10⅝ | 10¾ | 10-10⅛ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | 10½ | 10¾ | 9⅝ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | 10⅝ | — | — | — | — | — | — | — |

### FT LONDON INTERBANK FIXING

[illegible]

### MONEY RATES

NEW YORK (Lunchtime)

[illegible]

## FINANCIAL FUTURES

# Prices firm

Prices were generally firm on the London International Financial Futures Exchange yesterday, reflecting bullish sentiment about New York and London interest rates. The minutes of the August Federal Open Market Committee meeting indicated no change in official policy, and although there was no disclosure of any subsequent change it is generally believed the Fed is prepared to see lower interest rates thanks to an easing of money supply growth.

Hopes of a further decline in rates was tempered by nervousness ahead of the U.S. Treasury auctions to be held tomorrow and Thursday, and although Chicago traders tried to push prices higher their enthusiasm was dampened by the closure of New York cash markets for Columbus Day.

Eurodollars for December delivery opened firm at 88.53, and closed near the day's high of 88.60 at 88.59, compared with 88.46 previously.

December U.S. Treasury bonds began trading at 67-23 and closed at 67-21 against 67-04 on Friday.

Three-month sterling deposits were strong on hopes of a cut in UK clearing bank base rates some time this week.

Gilt futures also opened firm at 107-27 for December delivery, but finished only slightly above Friday's close at 107-18

### LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 88.59 | 88.60 | 88.52 | 88.46 |
| March | 88.31 | 88.31 | 88.26 | 88.15 |
| June | 88.01 | 88.01 | 87.97 | 87.88 |
| Sept | 87.73 | — | — | 87.59 |
| Dec | 87.45 | — | — | 87.31 |

Est. volume 1,448 (2,375)
Previous day's open int. 10,730 (10,696)

FT-SE 100 INDEX
£25 per full index point

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 113.30 | 114.00 | 113.10 | 113.35 |
| March | 113.30 | — | — | 113.35 |

Est volume 274 (234)
Previous day's open int 689 (704)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 67-21 | 67-25 | 67-17 | 67-04 |
| March | 67-03 | — | — | 66-18 |

THREE-MONTH STERLING; 20-YEAR 12% NOTIONAL GILT; STERLING £25,000 $ per £; DEUTSCHE MARKS; SWISS FRANCS; JAPANESE YEN

[illegible]

### CHICAGO

U.S. TREASURY BONDS (CBT); U.S. TREASURY BILLS (IMM); CERT. DEPOSIT (IMM); THREE-MONTH EURODOLLAR (IMM); STERLING (IMM); GNMA (CBT)

[illegible]





# £ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 8, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

| COUNTRY | CURRENCY | VALUE OF £ STERLING |
|---|---|---|
| [illegible] | [illegible] | [illegible] |

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 8.

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Oki Elec Ind 3½ 99 | 10/84 | 805 | 103 | 103¾ | −1⅛ | 4.58 |
| Orient Leasing 5¼ 98 | 6/83 | 2680 | 129⅛ | 130⅝ | −0⅝ | −1.53 |
| Secom 3¾ 99 | 10/84 | 5434 | 101¾ | 102¾ | −0⅝ | 9.46 |
| Secom 5 98 | 11/83 | 2920 | *†172 | 173 | 0 | 3.02 |
| Sekisui House 3 99 | 6/84 | 612 | 88⅞ | 89⅝ | −0¼ | 2.14 |
| Sumitomo Corp 2⅞ 99 | 5/84 | 593 | 78⅛ | 78⅞ | +0⅛ | −0.12 |
| Yamanouchi Pharm'cal 4 90 | 10/83 | 1483.2 | 110⅛ | 111⅛ | +0½ | 4.83 |
| Nippon Oil Co 2½ 92 SF | 3/84 | 1052 | *†187½ | 188 | +1⅛ | 13.66 |
| Nippon Shinpan Co 2 92 SF | 3/84 | 881 | *†94¾ | 95 | +0½ | 36.38 |
| Settsu Paper 2¼ 92 SF | 4/84 | 677 | *†141¾ | 142 | −0¼ | −5.01 |
| Asics 5 92 DM | 12/83 | 520 | 101⅞ | 102⅞ | +0¼ | 22.23 |
| Sum Realty 6¼ 92 DM | 2/83 | 365 | 156½ | 157½ | −3⅛ | −5.46 |

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.





# INTERNATIONAL CAPITAL MARKETS

## EUROBONDS

# Barclays issues $600m perpetual FRN

**BY MAGGIE URRY IN LONDON**

BARCLAYS BANK International yesterday became the second corporate borrower to issue a perpetual floating-rate note. The notes proved popular and the deal was increased from $500m to $600m in the afternoon.

The first perpetual floater was issued by National Westminster Bank in April. Barclays is getting the money cheaper than NatWest – *"you have to pay to be a trailblazer"* said one syndicate manager. Market conditions have also improved since April.

*Whereas the NatWest issue paid* ⅜ per cent over London interbank offered rate (Libor), Barclays is paying ¼ per cent over six-month Libor. The front-end fees are 20 basis points higher, though, at 1.05 per cent.

The issue was lead-managed by Barclays Merchant Bank with Credit Suisse First Boston, Lehman Brothers and S.G. Warburg as senior co-managers. The notes traded as high 99.61 – a 39-basis-point discount to the par issue price, and closed at a discount just within the half point selling concession following the increase.

The Eurodollar bond market was otherwise quiet, as the New York bond market was closed for the Columbus Day holiday. Prices were *firmer by ⅛ to ¼ point* in the wake of the rally in New York late last week.

The yen bond market has seen *more new issue activity*, with a 10-year Y15bn Samurai issue for Spain lead-managed by Nikko Securities. The recent strength of the bond market, which *has allowed Nikko* to price the Spain issue at 99.50 with a 7.4 per cent coupon, an attractive rate for the borrower, has peversely encouraged Bank of China to delay its Y20bn Samurai issue. Lead-manager *Nomura Securities* now expects to bring the issue in November when the terms may be even better.

The Long-Term Credit Bank of Japan has placed privately a Y10bn issue for the National Bank of Hungary – the first bond issue from that borrower for some time. The seven-year bond has a 7.9 per cent coupon and par issue price.

Talks due soon between tax officials from the U.S. and Japan are expected to result in the removal of the 20 per cent withholding tax levied on foreign holders of EuroYen bonds, which should encourage more issues in that market.

A prospectus is being published *today for a bulldog issue for Sweden*. The issue will raise £100m, the maximum allowed under Bank of England rules, and will pay a yield margin of 1.35 *per cent over the* gross redemption yield on the reference gilt Treasury 13½ per cent 2004–08. At last night's closing levels for the gilt the yield on the bulldog would be 11.9 per cent.

Commerzbank *launched a seven*-year DM 250m issue for New Zealand. Traders felt that the 7¼ per cent coupon and par issue price were rather tight terms, despite the recent fall in yields. The bonds traded at a discount around the 1⅝ per cent selling concession.

A DM 150m public issue with equity warrants was annouced by Dresdner Bank for Kaufhof, the department store group. The 10-year bonds have a 3¾ per cent coupon, and come with warrants to buy shares (five a bond) at DM 227 compared with the stock market price of DM 223. The warrants were considered attractive and the package traded up to 103½, a 3½-point prem*ium to the issue price*.

D-Mark bonds had another good day, despite the New York holiday, with Eurobonds gaining ¼ point.

In the Swiss franc market, bond prices were weaker in thin trading, amid rumours of increases in medium-term interest rates. The only bright spot remains the Japanese convertible issues. Credit Suisse priced a SwFr 50m issue for Dai-Ichi Seiyaku with a 2 per cent coupon, lower than indicated.

In the Guilder market, Amsterdam-Rotterdam priced the Fl 400m issue for Australia at 101.20 to reflect the rise in the market since the issue was announced.

● Euro-clear, the settlement system for Eurobond and other internationally traded securities, refunded $1.6m of fees to its 1,561 participants in the third quarter. That takes total rebates so far in 1984 to $4.11m compared with $3.2m for the whole of 1983.

## CREDITS

# France to launch facility

**By Peter Montagnon, Euromarkets Correspondent, in London**

CRÉDIT NATIONAL, France's state financing agency, is today due to launch its long awaited $500m, 10-year loan facility in the Euromarkets.

After weeks of suspense, the bor*rower yesterday selected* Banque Nationale de Paris and Morgan Guaranty to lead the transaction. They are to be joined by a third, as yet unnamed, European bank when the deal is formally launched.

Those two banks had emerged as favourites to manage the deal amid exceptionally strong competition, which also saw a bid from a separate group comprising Chase Manhattan and Crédit Lyonnais.

| BHF Bank bond average | | |
|---|---|---|
| Oct. 8 | | Previous |
| 101.329 | | 101.281 |
| High | 1984 | Low |
| 101.329 | | 98.056 |

Participating banks will receive a management fee of 25 basis points *and an annual facility fee of* 10 basis points for agreeing to backstop Credit National's fund-raising efforts in the short term money markets. The facility's initial 10-year life can be extended for a further five years.

The borrower intends to use the facility to back up commercial paper issues in the U.S. as well as the issue of short-term Euronotes in Europe. The package also allows it to seek short-term advances from participating banks on a competitive bidding basis.

# OVER-THE-COUNTER

Continued from Page 38

| Stock | Div. | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|---|
| X–Y–Z | | | | | | |
| Xebec | | 145 | 8¾ | 8½ | 8¾ | +¼ |
| Xicor | | 513 | 10⅛ | 9⅞ | 9⅞ | −¼ |
| Xidex | | 99 | 15⅛ | 15½ | 15⅛ | +⅛ |
| YlowFt | 1 | 58 | 30⅞ | 30⅞ | 30⅞ | |
| ZenLbB | | 233 | 16⅞ | 16½ | 15⅞ | −⅜ |
| Zentec | | 21 | 3⅝ | 3¼ | 3⅝ | |
| Ziegler | .44a | 3 | 11½ | 11½ | 11½ | |
| ZionUt | 1.24 | 1 | 31 | 31 | 31 | |
| Zitel | | 16 | 6⅞ | 6½ | 6⅞ | |
| Zyad | | 6 | 11¾ | 11½ | 11½ | |
| Zondvn | .34 | 11 | 14½ | 14⅛ | 14⅛ | −⅛ |
| Zymos | | 191 | 2⅛ | 2 | 2 | −¼ |
| Zytrex | | 301 | 3⅝ | 3½ | 3½ | −⅛ |